

AR46

INNS IN OPERATION

CANADA

ONTARIO

Kenora	Toronto - Downtown
Thunder Bay	Toronto - Don Valley
Sudbury	Toronto - Yorkdale
Windsor	Toronto - East
Chatham	Toronto - West
Sarnia	Toronto - Airport
London - South	Oshawa
London - Downtown	Barrie
Kitchener	Huntsville
Hespeler-Galt	Peterborough
Brantford	Kingston
Hamilton	Ottawa - Downtown
St. Catharines	Ottawa - Centre
Oakville	

ALBERTA

Edmonton	QUEBEC
Lethbridge	Longueuil

NOVA SCOTIA

Sydney

MICHIGAN

Pontiac	Port Huron
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CARIBBEAN

Barbados	Antigua
St. Lucia	Grenada

EUROPE

UNITED KINGDOM

Plymouth

UNDER CONSTRUCTION

Burlington, Ont.**	Slough, U.K.**
Winnipeg, Man.**	London - Marble Arch, U.K.**
Trinidad - Tobago, W.I.**	London - Swiss Cottage, U.K.**
St. Kitts, W.I.*	Vancouver - Bayside, B.C.
Madeira, Port.*	Vancouver - Broadway, B.C.
Algarve, Port.	Grand Island - Niagara, N.Y.**
Bristol, U.K.**	

*Opening 1972

**Opening 1973



Commonwealth
Holiday Inns
of Canada Limited

INTERIM REPORT

FOR THE SIX MONTHS
ENDED APRIL 30, 1972

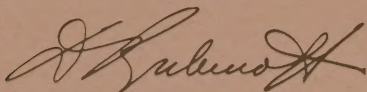


TO THE SHAREHOLDERS:

Earnings for the first six months were lower than last year owing to the first quarter loss when operating results were affected by the prolonged strike disrupting air service throughout Canada, and to the operation of a substantial number of new rooms during the off-season.

Your Company has currently 38 Inns and 7,341 rooms in operation, or 48% more than last year at this time. This total includes the 750-room Toronto-Downtown Inn, the largest Holiday Inn in the world, and the sixth Inn to be operated by your Company in that city; the new 504-room Ottawa Inn which, in its early stages of operation, is enjoying large volumes of business; a new Inn at Montreal-Longueuil, next to Man and His World, and a new Inn at Lethbridge, both recently opened.

Since most of the Company's earnings are realized during the latter part of its fiscal year, which includes the busy summer season, the new rooms should add significantly to the profit for the year. The Company expects to again show substantial gains in profit and earnings per share for the fiscal year ending on 31 October.



D. Rubinoff,
Chairman of the Board and President.

June 21, 1972.

CONSOLIDATED STATEMENT OF EARNINGS — Unaudited

	Six Months Ended April 30th	
	1972	1971
Sales - - - - -	\$24,221,400	\$17,865,900
Earnings Before Taxes on Income - - - - -	205,800	449,100
Taxes on Income — Deferred - - - - -	103,000	224,000
Net Earnings - - - - -	102,800	225,100
Dividends on Preference Shares - - - - -	-	17,300
Earnings Available to Common Shareholders - - - - -	102,800	207,800
Per Share — On Average Outstanding - - - - -	.02	.08
Cash Flow from Operations - - - - -	1,751,800	1,521,900
Average Common Shares Outstanding - - - - -	5,305,458	2,733,469
Actual Common Shares Outstanding - - - - -	5,307,181	5,304,481

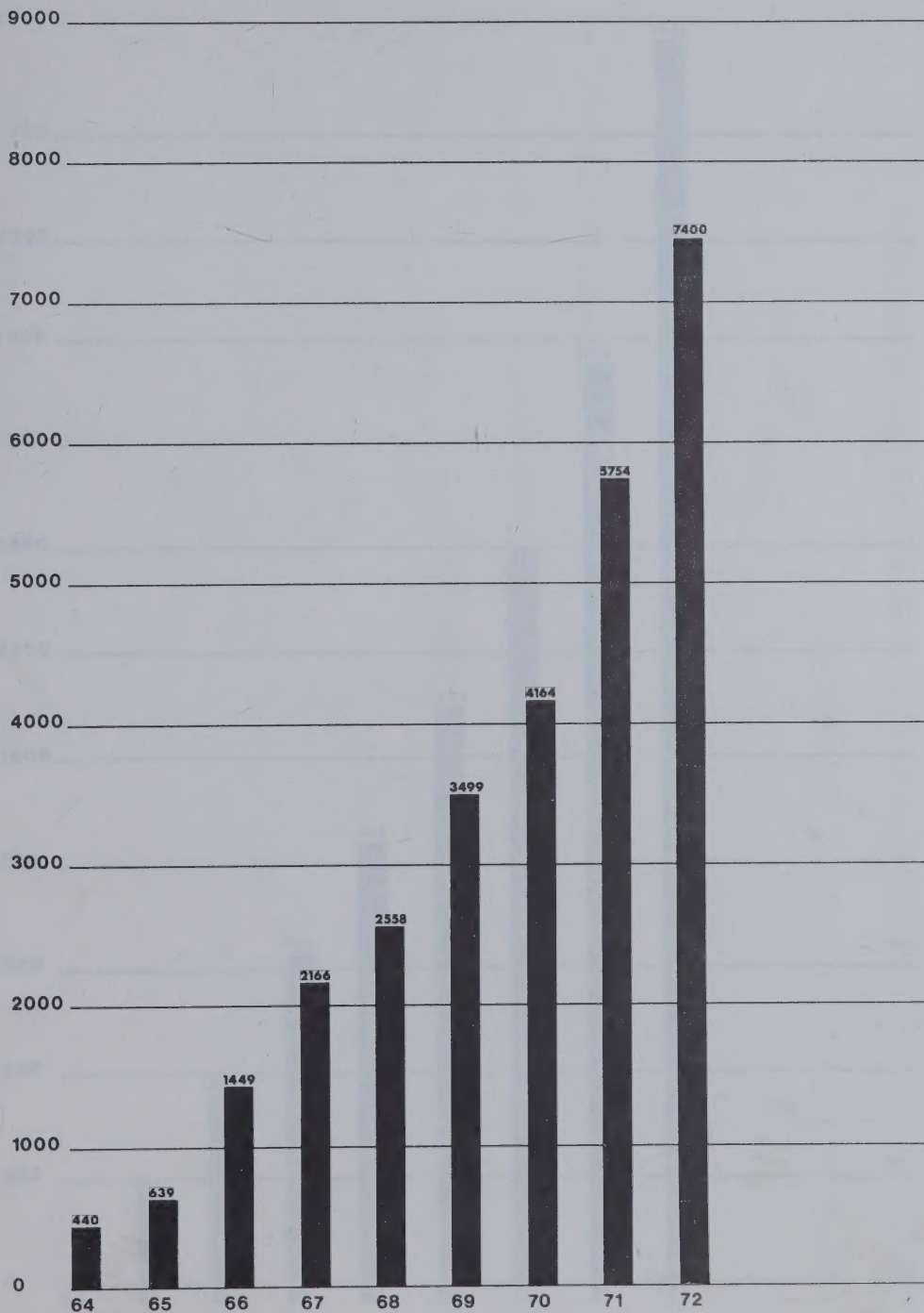
**CONSOLIDATED STATEMENT OF SOURCE
AND APPLICATION OF FUNDS — Unaudited**

	Six Months Ended April 30th	
	1972	1971
Working Capital At Beginning Of Period - - - - -	\$ 1,996,400	\$ 715,800
SOURCE OF FUNDS:		
Net Earnings - - - - -	102,800	225,100
Add — Non-Cash Charges		
Depreciation and Amortization - - - - -	1,563,600	1,090,400
Deferred Income Taxes - - - - -	103,000	224,000
Other Non-Cash Items - - - - -	(17,600)	(17,600)
	1,751,800	1,521,900
Gain on Foreign Exchange Deferred - - - - -	—	286,800
Mortgages and Other Long Term Loans - - - - -	9,393,000	8,775,900
Sale of Shares (1971 including \$9,301,042 allocated to Contributed Surplus) - - - - -	21,300	11,822,600
Sale of Fixed Assets - - - - -	988,100	85,800
	12,154,200	22,493,000
APPLICATION OF FUNDS:		
Share Warrants Purchased for Cancellation - - - - -	—	7,000,000
Purchase of Fixed Assets - - - - -	9,714,200	8,676,900
Investments (Net) - - - - -	81,200	116,900
Opening, Development and Borrowing Costs — Deferred - - - - -	1,171,300	990,300
Reduction of Long Term Debt - - - - -	3,895,800	6,426,800
Dividends on Preference Shares - - - - -	—	26,000
Expenses of Share Issue - - - - -	—	91,800
Franchises - - - - -	73,900	27,600
	14,936,400	23,356,300
Working Capital Deficit At End Of Period (Note) - - - - -	\$ (785,800)	\$ (147,500)

NOTE:

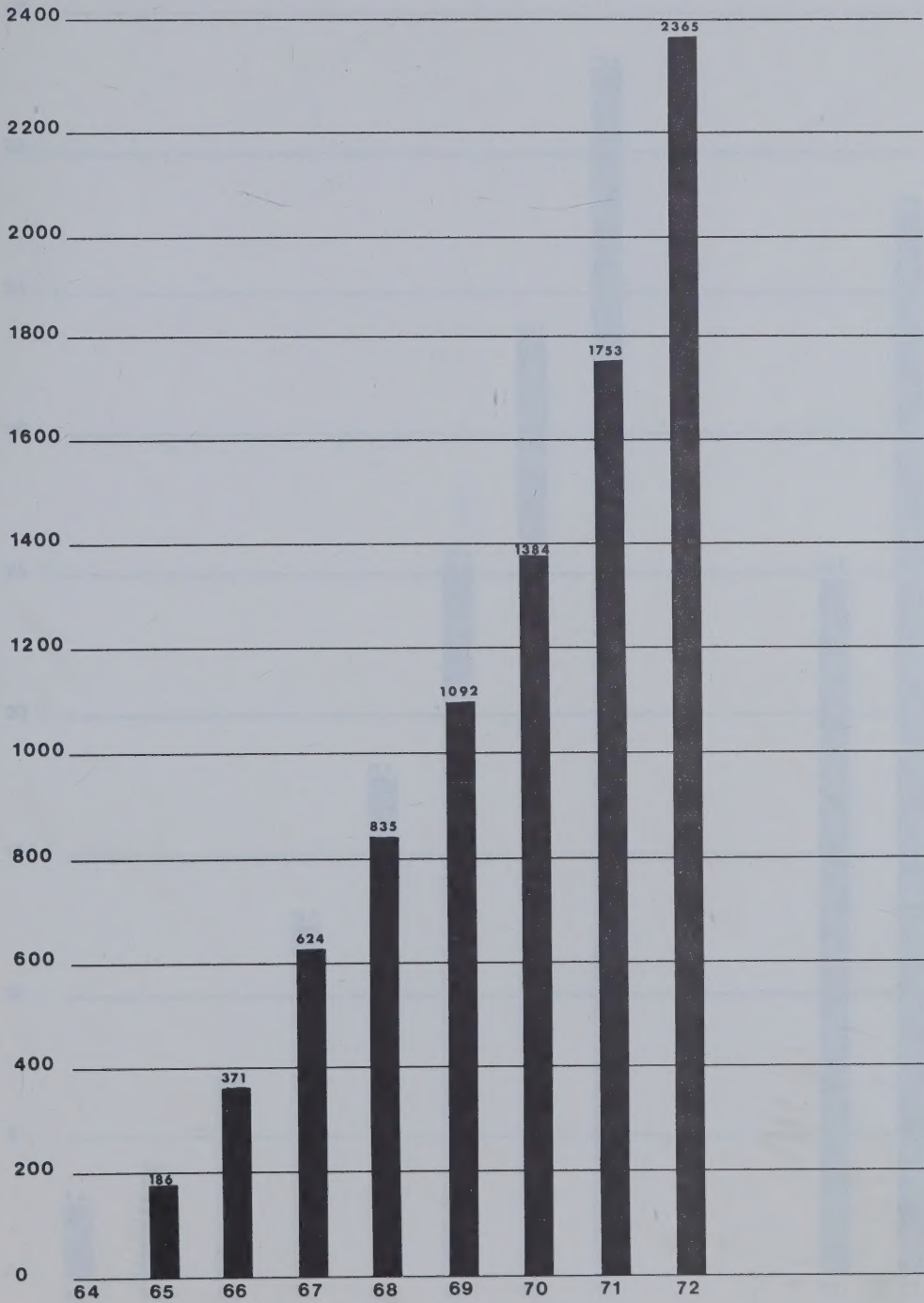
Undrawn, but available on demand at April 30th, 1972, were funds in the amount of \$7,000,000 U.S. as a result of a recently arranged long term loan with a large institution. When drawn these funds will be an addition to working capital.

TOTAL ROOMS AVAILABLE END OF PERIOD



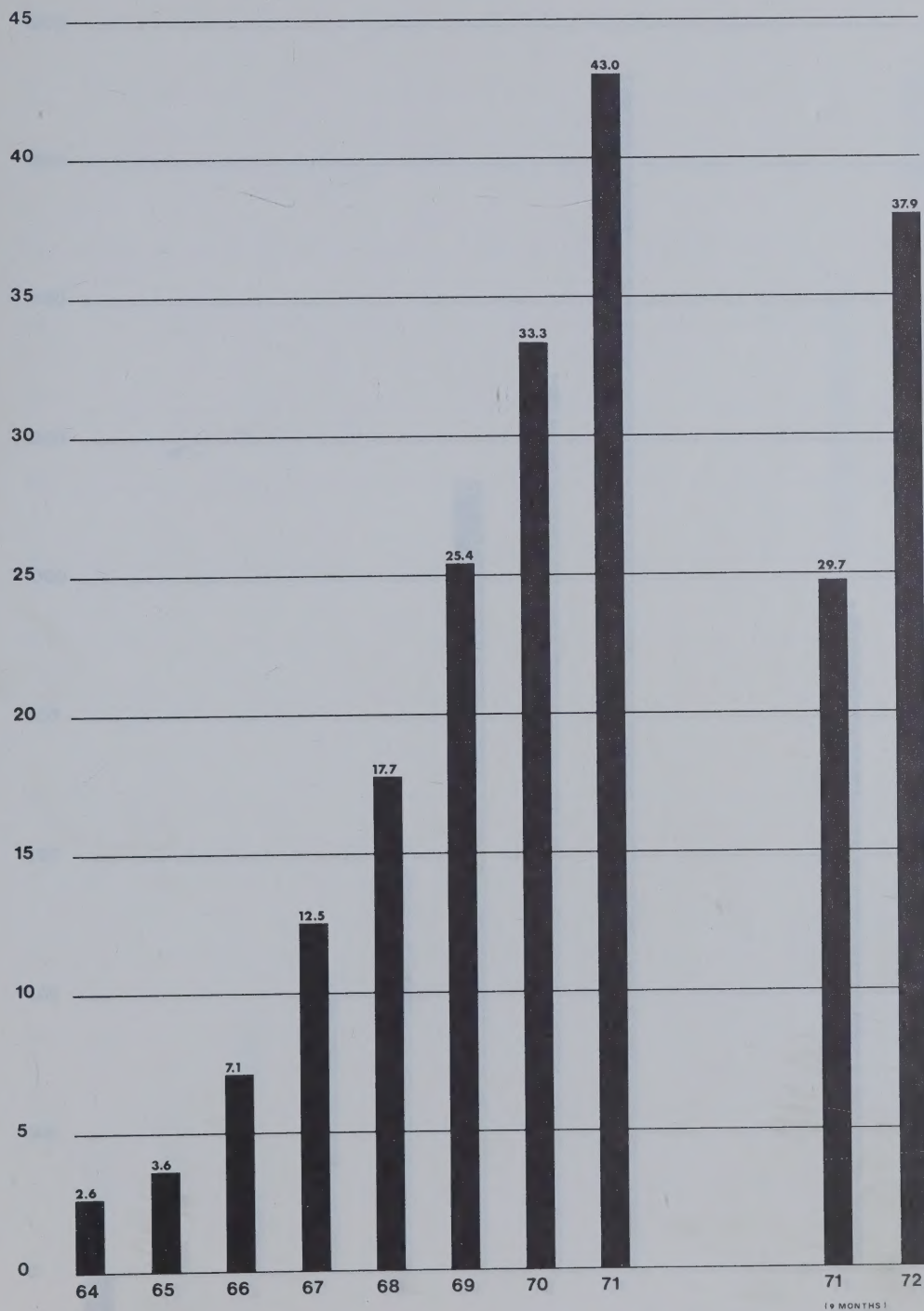
TOTAL ROOMS AVAILABLE PER YEAR

thousands



SALES

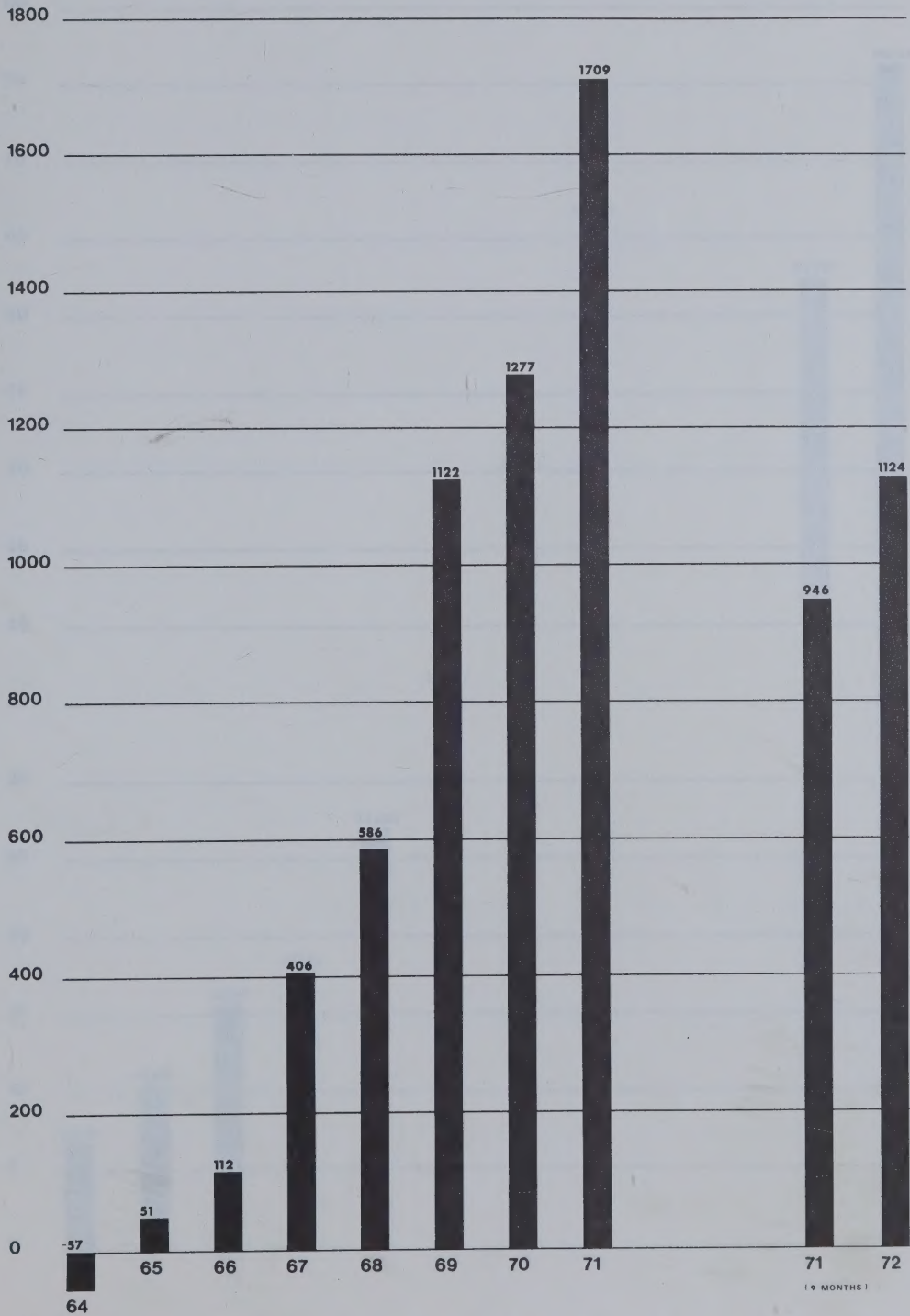
millions of dollars



(9 MONTHS)

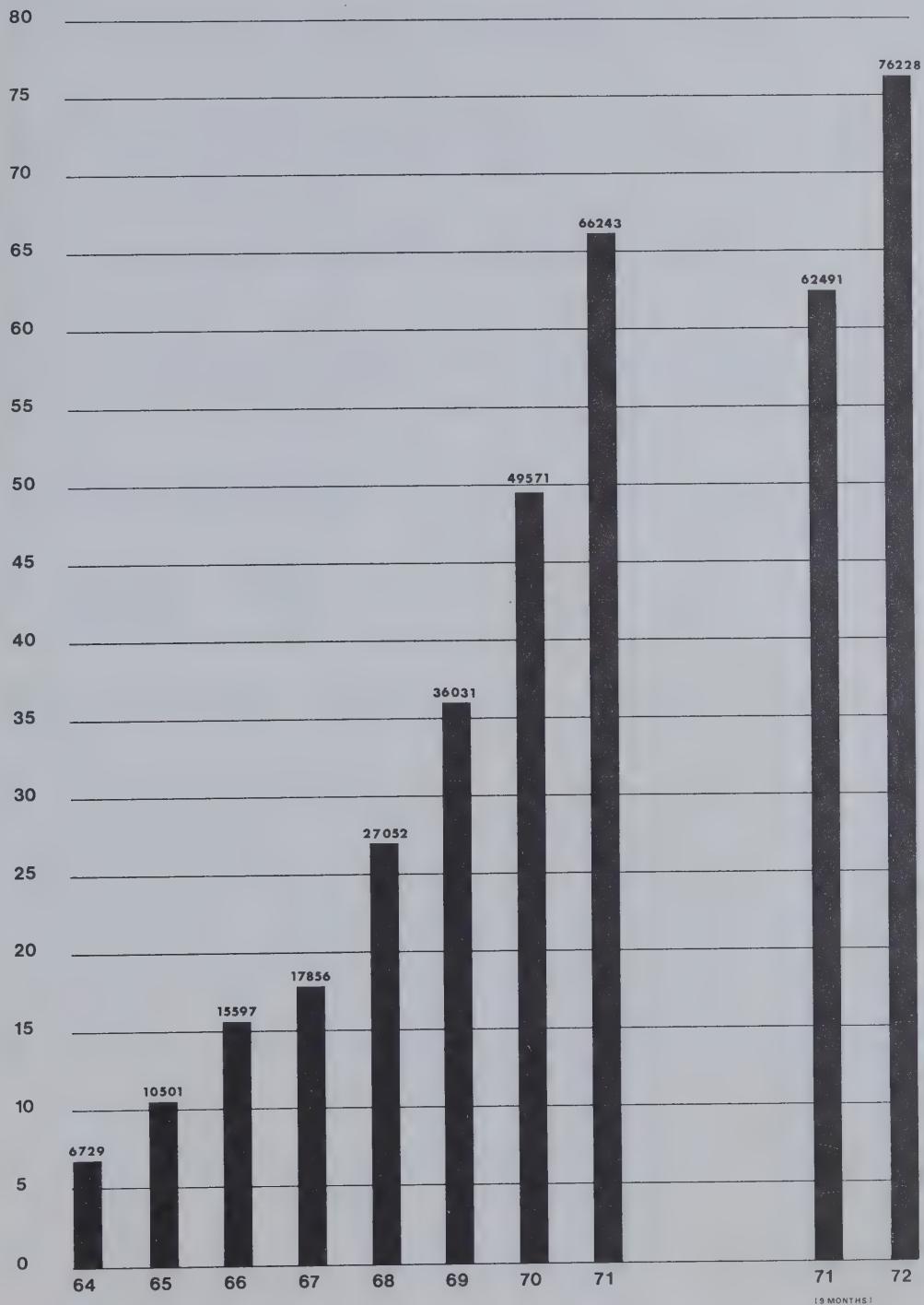
NET EARNINGS

thousands of dollars



TOTAL ASSETS

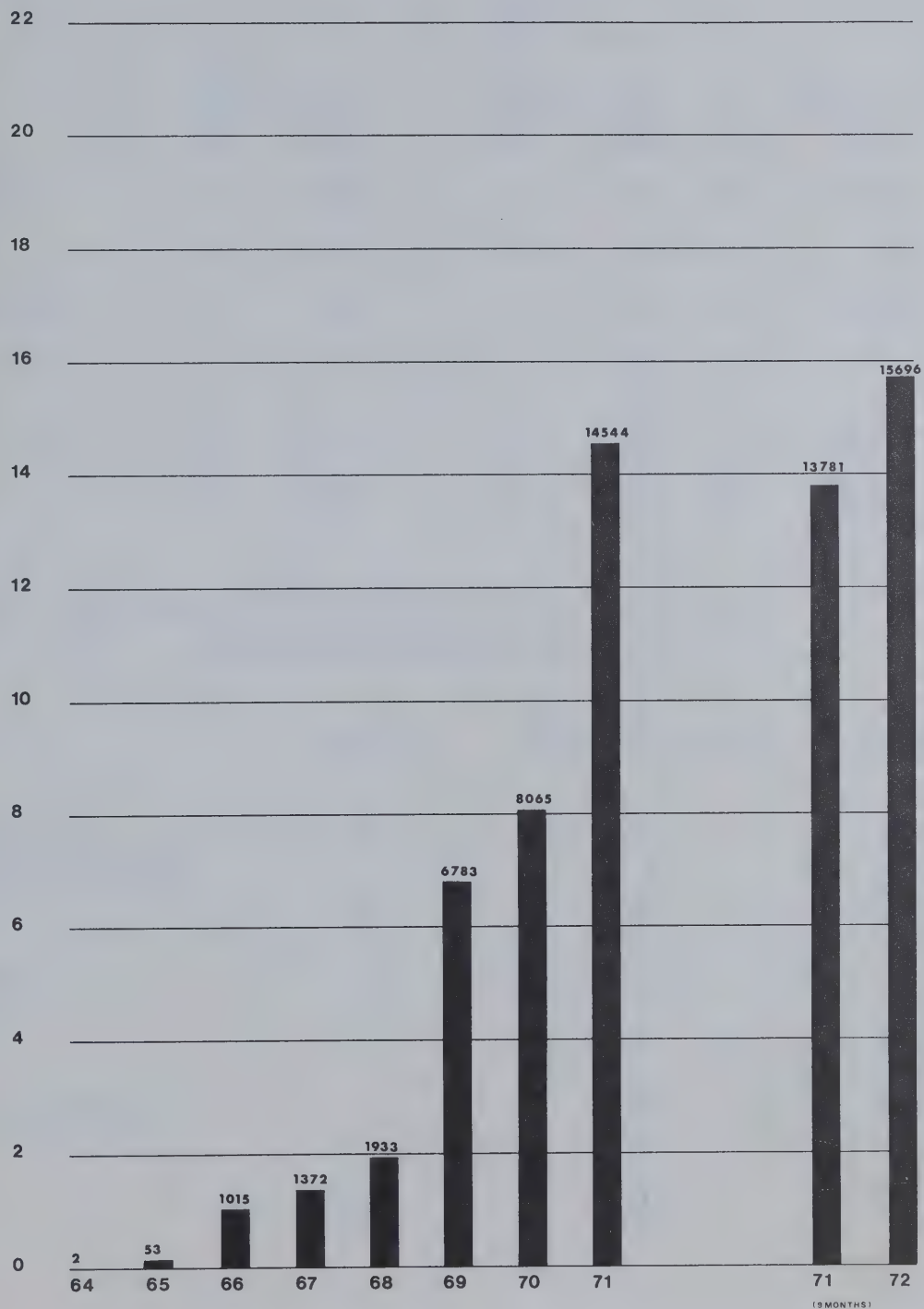
millions of dollars



(9 MONTHS)

SHAREHOLDERS EQUITY

millions of dollars



COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED

NUMBER OF INNS AND ROOMS OPEN AND UNDER CONSTRUCTION

AS AT OCTOBER 31, 1972

AR46

	1 9 7 2							
	Open as at		Under Construction		Total			
	Oct. 31, 1972		as at Oct. 31, 1972		as at Oct. 31, 1972			
	<u>Inns</u>	<u>Rooms</u>	<u>Inns</u>	<u>Rooms</u>	<u>Inns</u>	<u>Rooms</u>	<u>%</u>	
Canada & U.S.	33	6,630	7	2,144	40	8,774	75%	
Caribbean	5	548	1	253	6	801	7%	
United Kingdom	1	222	4	1,085	5	1,307	11%	
Portugal	-	-	2	607	2	607	5%	
France	-	-	1	175	1	175	2%	
	<u>39</u>	<u>7,400</u>	<u>15</u>	<u>4,264</u>	<u>54</u>	<u>11,664</u>	<u>100%</u>	

FRANCHISES HELD BY
COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED
AS AT SEPTEMBER 30, 1972

	<u>Inns Open</u>	<u>Planned and Under Construction</u>	<u>Total</u>
Canada - Ontario	27	7	34
- Eastern Canada	2	8	10
- Western Canada	2	8	10
	<u>31</u>	<u>23</u>	<u>54</u>
United States	2	1	3
Caribbean	5	8	13
U.K. (incl. Portugal (2) & France (1))	1	17	18
	<u>39</u>	<u>49</u>	<u>88</u>

COMMONWEALTH HOLIDAY INNS OF CANADA, LTD.

FINANCIAL HIGHLIGHTS

1965 - 1972

NINE MONTHS ENDING
JULY 31

	<u>1972*</u>	<u>1971</u>	<u>1971</u>	<u>1970</u>
<u>Sales and Earnings</u>				
<u>Sales</u>				
Per Room	37,850,500	29,687,100	43,023,663	33,258,
Percentage Increase Over Previous Year	7,000	6,800	9,300	9,
	28%		29%	
Earnings Before Taxes on Income	2,408,600	1,860,300	3,351,265	2,804,
Provision For Income Taxes	1,285,000	896,500	1,625,000	1,475,
Net Earnings	1,123,600	963,800	1,726,265	1,329,
	3.0%	3.3%	4.0%	
Percentage To Sales				
Percentage Increase Over Previous Year	17%		30%	
Earnings Available To Common Shareholders	1,123,600	946,500	1,708,965	1,276,
Per Share - On Average Outstanding	.21	.27	.43	
Per Share - Adjusted For Dilution	.21	.22	.36	
Cash Flow From Operations	4,491,100	3,630,900	5,499,835	4,620,
Per Average Common Share	.85	1.02	1.37	1
<u>Shares</u>				
Preferred Shares Outstanding	-	-	-	4,
Common Shares Outstanding	5,307,881	5,305,106	5,305,156	2,427,
Average Common Shares Outstanding	5,306,532	3,567,054	4,005,147	2,420,

* 1972 Sales and Income does not include Carib

COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED

FINANCIAL HIGHLIGHTS

1965 - 1972

	NINE MONTHS ENDING JULY 31		YEARS						
	1972*	1971	1971	1970	1969	1968	1967	1966	1965
<u>Sales and Earnings:</u>									
Sales	37,850,500	29,687,100	43,023,663	33,258,870	25,431,843	17,654,355	12,453,855	7,062,421	3,567,315
Per Room	7,000	6,800	9,300	9,100	8,650	7,700	7,300	6,950	7,000
Percentage Increase Over Previous Year	28%		29%	31%	44%	42%	76%	98%	
Earnings Before Taxes on Income	2,408,600	1,860,300	3,351,265	2,804,927	2,509,597	1,336,659	917,178	226,704	105,731
Provision For Income Taxes	1,285,000	896,500	1,625,000	1,475,000	1,333,000	695,000	481,300	122,000	55,000
Net Earnings	1,123,600	963,800	1,726,265	1,329,927	1,176,597	641,659	468,324	112,243	50,731
Percentage To Sales	3.0%	3.3%	4.0%	4.0%	4.6%	3.6%	3.8%	1.6%	1.4%
Percentage Increase Over Previous Year	17%		30%	13%	83%	37%	31%	121%	
Earnings Available To Common Shareholders	1,123,600	946,500	1,708,965	1,276,871	1,122,160	586,409	405,997	112,243	50,731
Per Share - On Average Outstanding	.21	.27	.43	.53	.48	.29	.20	.05	.03
Per Share - Adjusted For Dilution	.21	.22	.36	.32	-	-	-	-	-
Cash Flow From Operations	4,491,100	3,630,900	5,499,835	4,620,120	3,876,526	2,374,762	1,726,137	691,114	383,797
Per Average Common Share	.85	1.02	1.37	1.91	1.65	1.16	.84	.34	.19
<u>Shares</u>									
Preferred Shares Outstanding	-	-	-	4,000	4,150	4,250	4,250	4,250	-
Common Shares Outstanding	5,307,881	5,305,106	5,305,156	2,427,013	2,411,488	2,050,063	2,050,000	2,050,000	2,000,000
Average Common Shares Outstanding	5,306,532	3,567,054	4,005,147	2,420,073	2,363,550	2,050,063	2,050,000	2,050,000	2,000,000

* 1972 Sales and Income does not include Caribbean Inns.

COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED

GENERAL STATISTICS AND GROWTH

1965 - 1972

NINE MONTHS ENDING
JULY 31

YEARS

1972*

1971

1971

1970

1969

1968

1967

1966

1965

GENERAL STATISTICS

Inns In Operation

Owned and Leased
Management
Total

31
7
38

31
3
34

31
3
34

25
2
27

22
1
23

17
-
17

14
-
14

10
-
10

5
-
5

Rooms Available (end of period)

Owned and Leased
Management
Total

6,545
791
7,336

5,334
268
5,602

5,447
307
5,754

4,018
146
4,164

3,449
50
3,499

2,558
-
2,558

2,166
-
2,166

1,441
-
1,441

639
-
639

Total Number of Rooms Available (per year)

Owned and Leased
Management
Total

1,477,749
215,943
1,693,692

1,193,556
42,315
1,235,871

1,685,935
67,525
1,753,460

1,333,710
50,370
1,384,080

1,075,655
16,060
1,091,715

835,485
-
835,485

624,150
-
624,150

370,840
-
370,840

186,150
-
186,150

GROWTH

Sales

Percentage increase over previous year
Compounded growth - base year 1965

43,023,663
29%
51%

33,258,870
31%

25,431,843
44%

17,654,355
42%

12,453,855
76%

7,062,421
98%

3,567,315

Net Earnings

Percentage increase over previous year
Compounded growth - base year 1965

1,708,965
34%
80%

1,276,871
14%

1,122,160
91%

586,409
44%

405,997
262%

112,243
121%

50,731

Average Number of Rooms Available (per day)

Percentage increase over previous year
Compounded growth - base year 1965

4,804
27%
48%

3,792
27%

2,989
31%

2,289
37%

1,710
68%

1,016
99%

510

* In 1972 the Caribbean Inns (4 Inns and 484 Rooms) managed by C.H.I.C.; previously owned and leased.

News from

COMMONWEALTH
Holiday Inns
OF CANADA LIMITED



COMMONWEALTH HOLIDAY INNS OF CANADA LIMITED

A DECADE OF ACHIEVEMENT

Commonwealth Holiday Inns of Canada Limited is the country's largest hotelier, with an expanding chain in Canada, the Caribbean, the United States, the United Kingdom and Europe. As such, it is the largest franchise holder of the Holiday Inn system which, in turn, is the world's largest hotel chain (more than 1450 inns). All Holiday Inn franchises are granted by Holiday Inns Incorporated of Memphis, Tennessee.

The first Holiday Inn franchise in Ontario was obtained in 1961 by David Rubinoﬀ, to build and operate an Inn in London, Ontario. In 1962, a second franchise was obtained for London Downtown and the following year, a third for Toronto West.

In 1964, a Company was formed, Allied Innkeepers Limited, which acquired the three existing Inns and all of Mr. Rubinoﬀ's rights with respect to Holiday Inns in Ontario.

The period 1964-1968 was one of rapid growth with 17 Inns in operation by the end of the four-year period. During 1968, Allied Innkeepers Limited was converted into a public Company and the corporate name was changed to Commonwealth Holiday Inns of Canada Limited. By December, shares of the

Company were trading over-the-counter in Toronto, and were posted for trading on the Toronto Stock Exchange the following February.

During the past two years, CHIC has continued a program of rapid expansion, increasing its total number of Inns to 40. By 1973, 75 Inns will either be under construction or in operation in North America, the Caribbean and Europe. Geographic diversification has rendered CHIC a truly international Company.

The majority of CHIC shares are held by Canadians with Holiday Inns Incorporated owning 31 per cent of CHIC common stock. Six of the eight Directors plus all senior management are Canadian. Chairman of the Board is Mr. David Rubinoff and the President is Mr. Ernest B. Fletcher.

Holiday Inns offer a uniform and high standard of design, construction, maintenance and service to the travelling public. Significant emphasis is placed on servicing the motorist, through sites with ample parking facilities and ready access to main traffic arteries.

Each Inn offers modern air-conditioned comfort and features such extras as recreational facilities, swimming pools, sauna baths, convention halls and lively entertainment areas. Restaurants, dining rooms and other amenities are individually designed as to size and atmosphere, to attract patrons from the Inn's locale, in addition to patronage from registered guests.

- end -

For further information contact:

Rita McKay, Public Relations Officer
1250 Eglinton Avenue East
Don Mills (Toronto), Ontario, Canada





COMMONWEALTH *Holiday Inns* OF CANADA LIMITED

BRITISH COLUMBIA
Vancouver-Broadway**
Vancouver-Harbour Side**

ALBERTA

Edmonton
Lethbridge

MANITOBA

Winnipeg-Downtown*

ONTARIO

Ottawa-Downtown
Ottawa-Centre
Kingston
Peterborough
Oshawa

Toronto-Airport
Toronto-Downtown
Toronto-Don Valley
Toronto-East
Toronto-West
Toronto-Yorkdale

Oakville

Hamilton

Burlington*

St. Catharines

Brantford

Hespeler-Galt (Cambridge)

Kitchener

London-Downtown

London-South
London-City Centre**
Chatham
Windsor
Barrie

Huntsville

Sarnia

Sudbury

Thunder Bay

Kenora

QUEBEC

Montreal-Longueuil

Pointe Claire**

Quebec City**

NOVA SCOTIA

Sydney

Halifax*

MICHIGAN

Pontiac

Port Huron

NEW YORK STATE

Grand Island-

Buffalo/Niagara*

CARIBBEAN

Antigua

Grenada

Barbados

St. Kitts

St. Lucia

Port of Spain-Trinidad*

EUROPE

London-Marble Arch*

London-Swiss Cottage*

Bristol, England*

Plymouth, England

Slough/Windsor, England*

Madiera, Portugal

Algarve, Portugal**

Tignes-Val d'Isère, France*

*Under Construction Opening 1973

**Under Construction Opening 1974-75



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REGISTRAR AND TRANSFER AGENT

The Registrar for the Common Shares is Canada Permanent Trust Company at its principal offices at Toronto, Montreal, London, Winnipeg, Regina, Calgary and Vancouver. The Transfer Agent for the Common Shares is the Royal Trust Company at its principal offices at Toronto, Montreal, London, Winnipeg, Regina, Calgary and Vancouver.



Report to the shareholders

On behalf of the Board of Directors, we are pleased to present the Financial Statements of your Company for the year ended October 31, 1972 and to report on growth and progress during the year.

In the period under review, substantial increases were achieved in operating revenue, net earnings and cash flow. These increases were accomplished notwithstanding significant adverse factors which affected our industry during 1972 in the form of disruptions in airline travel occasioned by work stoppages, a high level of unemployment throughout Canada and an unprecedented worldwide rate of inflation.

Operating revenue for the Company was \$56,842,588, an increase of 32% or \$13,818,925 above last year's figure. Net earnings increased by 23% to \$2,122,200 compared with \$1,726,265 in 1971. Cash flow from operations reached an all time high of \$7,479,588, an increase of 36% from the \$5,499,835 reported a year earlier.

During 1972, 1,646 rooms were added to operations of the Company with the opening of five Inns. Included were the largest Holiday Inn in the world at Toronto-Downtown with 750 rooms, the luxurious 504 room Holiday Inn, Ottawa-Centre, and the new Inns at Lethbridge, Alberta, Longueuil, Quebec and St. Kitts, W.I. As this report is written, sixteen Inns are under construction which will add 4,637 rooms to the 7,700 now operating.

In the past year, significant steps were taken to strengthen the Company's operating and marketing positions in the Caribbean. An agreement was completed with Commonwealth Development Corporation—a United Kingdom Crown Corporation—and Canadian National Realities—a Canadian Crown Corporation under which your Company now manages an enlarged chain of Caribbean Holiday Inns. With the completion of the Holiday Inn-Port of Spain, Trinidad, later this year, more than 1,000 rooms will be in operation under the agreement. A further agreement has been negotiated with Canada's largest airline—Air Canada—for the joint marketing of these resort Inns. Under this agreement, it is anticipated that intensive promotional programs will be established utilizing the experience and expertise of both companies.

Management expects that 1973 will significantly surpass the records achieved last year in sales and net earnings. We wish to express the appreciation of the Board of Directors to all employees of the Company without whose dedicated and loyal service the achievements of the past year could not have been realized.

Chairman of the Board
February, 1973

President

Financial Highlights

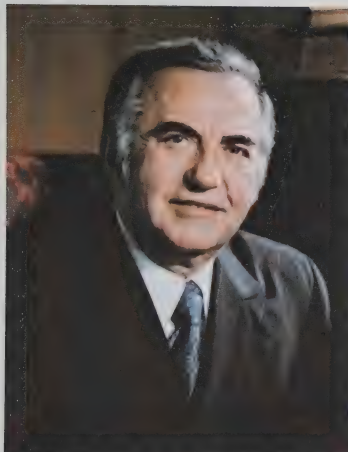
Year ended October 31, 1972 (Canadian Currency)

	1972	1971	Change
Sales	\$56,842,588	\$43,023,663	+ 32%
Earnings before taxes	\$ 4,309,200	\$ 3,351,265	+ 29%
Provision for income taxes*	\$ 2,187,000	\$ 1,625,000	
Net earnings	\$ 2,122,200	\$ 1,726,265	+ 23%
Per Share	40¢	36¢	
Cash flow from operations**	\$ 7,479,588	\$ 5,499,835	+ 36%
Working capital	\$ 1,955,621	\$ 1,996,390	
Additions to plant & equipment	\$22,809,803	\$18,460,338	
Total assets at year end	\$89,236,127	\$66,242,716	+ 35%

*No income taxes were payable in 1972 and 1971, although full provision has been made for taxes on a deferred basis.

**Cash flow consists of net earnings plus charges against net earnings which do not require an outlay of funds.

Directors



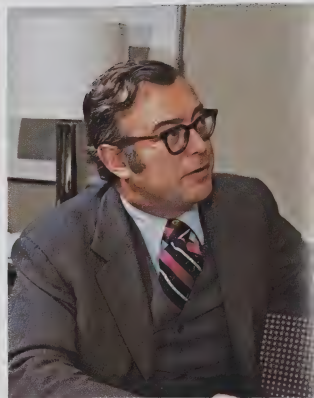
David Rubinoff



Ernest B. Fletcher



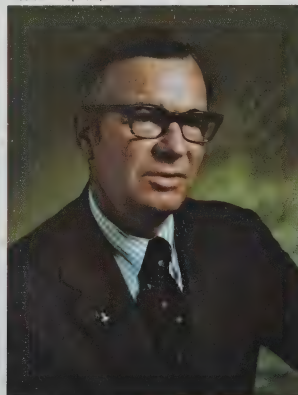
Albert E. Shepherd, Q.C.



David B. Weldon



Frederick W. P. Jones



Ludwick M. Clymer



Hon. John P. Roberts, P.C., Q.C.



Frank W. Adams

Other Officers and Executives

David Rubinoff*
Chairman of the Board,
Commonwealth Holiday Inns of Canada Limited,
London, Ontario.

Ernest B. Fletcher*
President,
Commonwealth Holiday Inns of Canada Limited,
London, Ontario.

Albert E. Shepherd, Q.C.*†
Senior Vice President,
Commonwealth Holiday Inns of Canada Limited,
Barrister and Solicitor, Partner of Shepherd, McKenzie,
Plaxton, Little & Jenkins, London, Ontario.

David B. Weldon††
Chairman of the Board and President,
Midland-Osler Securities Limited, London, Ontario.

Frank W. Adams
Senior Vice President Finance and Treasurer,
Holiday Inns Inc., President, Commercial Services
Division, Holiday Inns Inc., Memphis, Tennessee.

Frederick W. P. Jones††
Professor,
School of Business Administration, University of
Western Ontario, London, Ontario.

Ludwick M. Clymer
Executive Vice President,
Holiday Inns Inc., Memphis, Tennessee.

Hon. John P. Roberts, P.C., Q.C.
Barrister and Solicitor,
Partner of Stikeman, Elliott, Roberts and Bowman,
Toronto, and Roberts, Betts, McLennan and Flinn,
London, Ontario.

*Member of the Executive Committee

†Member of the Audit Committee



European Regional Office



Caribbean Regional Office



Operations



Associated Innkeepers Supply Company / Philip Eprile Associates Limited



Corporate Secretary/Personnel



Finance

EUROPEAN REGIONAL OFFICE

Left To Right: ROBERT J. ADLEY, Director of Marketing, Europe; ROBERT A. RUBINOFF, Senior Vice President, Director of European Operations; JOSEPH WHITFIELD, Manager, U.K. Operations.

CARIBBEAN REGIONAL OFFICE

Left To Right: F. GEORGE NILES, Purchasing Agent; MARILYNNE LEWIS, Office Manager; CLAUDE LEFEBVRE, Manager, Caribbean Operations; RAYMOND R. YELLE, Vice President, Caribbean Finance and Development; LORIS AREVIAN, Innkeeper, Holiday Inn of Barbados; MURRAY STEWART, Internal Auditor.

OPERATIONS

Left to right: HANS DEMUTH, Assistant Vice President, Director of Food and Beverage; LEWIS BLUM, Assistant Vice President, District Director; JAMES A. HAVERS, Assistant Vice President, District Director; EDWARD C. CAMPBELL, Senior Vice President, Operations Administrator; BERT BORNHOEFF, Assistant Vice President, District Director; JUERGEN E. BARTELS, Assistant Vice President, District Director; JOHN B. PLEASENCE, Assistant Vice President, District Director.

ASSOCIATED INNKEEPERS SUPPLY

COMPANY/PHILIP EPRILE

ASSOCIATES LIMITED

Left To Right: HERMAN SARWI, Assistant Vice President; PHILIP EPRILE, President; PHILIP M. BARNETT, Divisional Vice President and General Manager.

CORPORATE SECRETARY/PERSONNEL

Left To Right: CHARLES A. CLINE, Assistant Vice President, Director of Personnel; JEANETTE M. STEVENS, Assistant Secretary; CHARLES H. KING, Vice President and Secretary.

FINANCE

Left To Right: ANTHONY MALLOY, Assistant Vice President, Director of Internal Audit; CHARLES THOMAS, Assistant Vice President, Director of Data Processing; LLOYD D. MONTEITH, Assistant Controller; RONALD M. THOMAS, Senior Vice President, Finance and Corporate Planning; ANDRE R. PETTIGREW, Group Vice President and Treasurer; W. HARVEY GLEASON, Vice President and Controller; GEORGE ZARITZKY, Assistant Vice President, Director of Financial Planning.

PROJECTS DEVELOPMENT/CONSTRUCTION

Left To Right: THEODORE SMITS, Assistant Vice President, Director of Construction and Maintenance; JOHN C. LOGAN, Vice President, Director of Projects Development.

SALES/ADVERTISING

Left To Right: JOHN C. PESKETT, Director of Sales; ERNEST B. FLETCHER, President; IAN M. MARSHALL, Director of Advertising.



Sales/Advertising



Innkeepers

ALBERTA

Edmonton, Derek Toms
Lethbridge, Earland Wilson

ONTARIO

Ottawa-Downtown, Guy Warnery
Ottawa-Centre, N. Thompson-Wood
Kingston, G. Leyendeckers
Peterborough, Leonard Moran
Oshawa, Henry Lajoie
Toronto-Airport, Rudy Berger
Toronto-Downtown, Rene Murray
Toronto-Don Valley, Joseph Slomka
Toronto-East, Roger Croxall
Toronto-West, Edward Conrad
Toronto-Yorkdale, Bernhard Kainer
Oakville, Martin Larkin
Hamilton, Irvine Phillips
Burlington, Anthony Miele
St. Catharines, Dario Pozzy
Brantford, Werner Denzer
Hespeler-Galt (Cambridge), Gus Koppers
Kitchener, Malcolm Teixeira
London-Downtown, Isaac Siskind
London-South, Gordon Langford
Chatham, Ed Schwannecke
Windsor, John Breznsnyak
Barrie, Henry Drosse
Huntsville, Terrance O'Brien
Samia, Dudley Escott
Sudbury, Murray Ede
Thunder Bay, Peter Pappoulas
Kenora, Donald Beard

QUEBEC

Montreal-Longueuil, Georges Villedary

NOVA SCOTIA

Sydney, Ingo Koch

MICHIGAN

Pontiac, John Terryah
Port Huron, John Freier

NEW YORK STATE

Grand Island-Buffalo/Niagara, Douglas Neison

EUROPE

Marble Arch-London, England, F. V. Ternofsky
Swiss Cottage-London, England, Carsten Flindt
Bristol, England, John Vinkenbrink
Plymouth, England, Tony Forster
Slough/Windsor, England, Jan Hubrecht
Madeira, Portugal, Erwin Rieck

CARIBBEAN

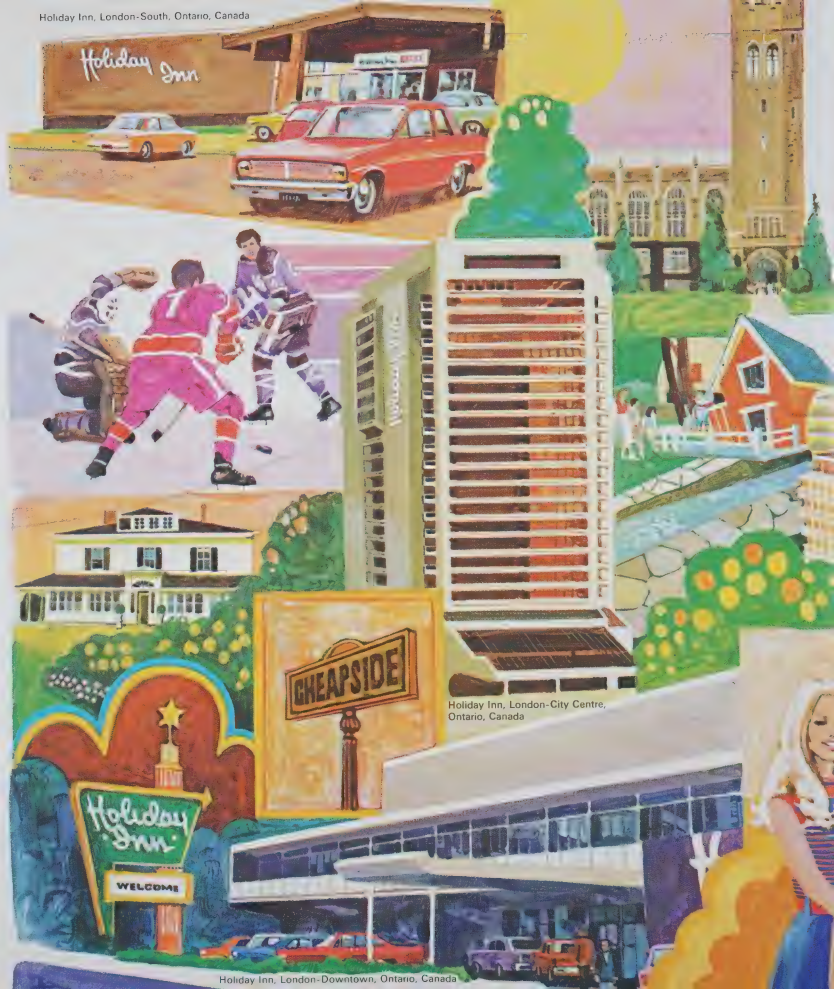
Antigua, Cyril Clarke
Grenada, Robert Perrin
Barbados, Loris Arevian
St. Kitts, Hyacinthe Lord
St. Lucia, Don MacAfee
Innkeepers at Large
Mrs. Monica Andersen
Robert Moore
Larry Henay

From London...

In 1962 the first Holiday Inn in Ontario with 120 rooms was opened at London, franchised to David Rubinoff and managed by Ernest Fletcher. In 1972, two Holiday Inns in London, England, were nearing completion. When completed early this year, they will be the 41st and 42nd to be opened by Commonwealth Holiday Inns of Canada Limited, bringing the total rooms operated by the Company to more than 8,000. Expansion was not evenly spread over the decade, it began slowly and accelerated each year. More rooms will be opened in 1973 than were opened in the six years following 1962. Not all of these Inns are owned by the Company—some are leased and a few are managed. Inns operated by Commonwealth represent a capital investment in excess of \$150,000,000. This sum will grow to more than \$200,000,000 when Inns presently under construction have been completed. This figure represents a fraction of the investment anticipated in the second decade of the Company's existence.

Commonwealth Holiday Inns of Canada Limited is controlled by Canadians but forms a part of the world-wide system of Inns founded by Holiday Inns Inc., of Memphis, Tennessee. At the end of 1962, the system totalled 302 Holiday Inns with 30,299 rooms (all but four situated in the United States). Now there are almost 1,500 Holiday Inns comprising close to 300,000 rooms world-wide and more opening daily.

The Company's rate of expansion is affected by two factors, common to any expanding hotel chain, which must be kept in balance. Opening new Inns, in the short term, can have an adverse effect on profits because each new Inn is a new business and, similar to all businesses, requires time to



Holiday Inn, London-City Centre, Ontario, Canada

Holiday Inn, London-Downtown, Ontario, Canada

To London . . .



become profitable. On average a new highway Inn may be profitable for only six of the first twelve months of its existence. A large urban

Inn can, by contrast, require eighteen months to generate substantial profits. This factor tends to slow down expansion.

The second factor is the continual rise in the cost of land and construction which dictates the need to expand as quickly as possible. For example, in 1966, the Company constructed and opened a 150 room Inn at a cost of approximately \$1,850,000; were that same Inn to be built today, the cost would exceed \$3,200,000—an increase of 73% in six years. This is the amount a competitor would pay *today* to duplicate this facility, making it difficult to achieve the same profitability. Had the Company delayed, it would have paid much more, in constant dollars, for the same asset and would have foregone the very substantial profit yielded by that Inn after the first year. The Company constantly weighs these factors but its policy has been and remains, to build a chain of Inns across Canada as quickly as prudence allows. The sooner they are built, the less they will cost and the greater will be the ultimate profit. When the Canadian Inns now under construction are completed, the Company will operate from Nova Scotia to British Columbia. A continuing program of expansion is required to meet the needs of the businessman and tourists travelling throughout this vast country.

Commencing in 1966, the Company built a limited number of resort Inns in the Caribbean area. Business did not meet expectations and it became evident that a marketing association with a major airline was needed. Recently the Company

Holiday Inn,
London-Swiss Cottage, England

Holiday Inn,
London-Marble Arch, England



PORTUGAL

concluded such an arrangement with Air Canada and as well acquired the management of additional rooms formerly operated by Commonwealth Development Corporation, out of which it is expected, a successful operation will develop.

In the mid-60's, the Company recognized the potential of the United Kingdom, a prospering country of 55 million, constructing a road system



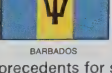
FRANCE

similar to that of North America and having the same laws and language, as those to which the Company was accustomed. Canadian and American visitors to Britain number millions each year. Holiday Inns Inc., had entered continental Europe and was itself building in England. In 1968, the Company obtained rights to 15 licences in the United Kingdom. The first Holiday Inn in England was opened by Commonwealth at Plymouth in 1970.



ST. LUCIA

This year will see the opening by your Company of Inns at Bristol, Slough/Windsor and at Swiss Cottage and Marble Arch, both in London. Others are in the advanced stages of planning with construction to start soon. The Company has entered Portugal and France, with a 300 room Inn on the Island of Madeira and a 176 room Inn at Tignes, Val d'Isère—a year-round ski resort. A capability will be maintained to expand rapidly on the continent should results warrant it.



BARBADOS

The past decade saw expansion from London, Canada, to London, England. There can be few precedents for such a rate of growth. One of the major factors making this possible is the strength of the Holidex® reservation system, the advantages



Holiday Inn, Huntsville, Ontario, Canada



Holiday Inn, Ottawa-Centre, Canada



Holiday Inn, Barbados, W.I.



Holiday Inn, Madeira



Associated Innkeepers, Design Studio



Holiday Inn, Toronto-Downtown; La Ronde Revolving Restaurant, Canada



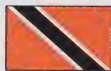
Holiday Inn, Owen Sound, Ontario, Canada...planned



Holiday Inn, Chatham, Ontario, Canada



GRENADA



TRINIDAD, WI



ANTIGUA



NEW YORK STATE

of which are not always fully understood. Each of the almost 1,500 Holiday Inns located on every continent except Antarctica provides a terminal from which one may seek a reservation at any other Inn in the world. Confirmation can be obtained within six seconds, or, if the Inn sought is full on the date desired, the computer will seek accommodation in the nearest four Inns and report—still within the six second period. This is the largest privately owned communications system of its type in the world, employing artificial satellites and cables between continents and telephone lines within continents. Holiday Inns Inc.,

has invested ten million dollars to install the system and several millions are required annually to maintain and operate it. Your Company contributes its share to the operating cost of the system. This is money well spent, it produces large volumes of business and shortens the time which must elapse before new Inns become profitable, enabling a faster rate of expansion than would otherwise be possible. The Holidex® is the heart of the Holiday Inn system and would be difficult and costly for a competitor to duplicate.

The Company cannot know precisely where the next decade will lead it, but surely it will mean growth and greater profit. As Inns mature (and the average Inn is fully mature in its third year) the cash flow generated by the chain increases, enabling growth to be financed from internal resources and the on-going maintenance of existing properties to the highest standards.



MICHIGAN

Recent studies of the travel industry reveal some interesting facts with regard to travel in the future:

- ☐ Approximately \$4.2 billion was spent by tourists in Canada during 1970, \$1.2 billion of which was spent by non-Canadians, nearly 88% of this being spent by visitors from the United States.
- ☐ The growth of travel receipts in Canada increased over the last decade at an annual rate of 12.3% compared with an 11.8% annual growth of receipts from exports.
- ☐ Britain remained the most popular overseas destination for Canadians from 1966-70. Trips to Britain accounted for 22.5% of all Canadian trips overseas. Common Market Countries were the destination of 20.9% and the Caribbean 14.7%. United States tourists to Britain increased in 1971 over 1970 by 11% for a total of 1.5 million.
- ☐ Canadians were the world's biggest spenders in international travel. Statistics indicate that \$1.46 billion was spent on this pursuit in 1970 —\$68.30 for every man, woman and child in the country—more than three times the U.S.A. average.



ST. KITT'S

In summary, we have completed ten years of growth and have learned much. We remain confident of the future of the industry and

trust the Company has merited the confidence of shareholders in its ability to maintain and improve its place in the industry. The Company plans to continue its growth, to give service and to yield a fair profit for those whose capital is entrusted to it.



Holiday Inn, Ottawa-Centre, Canada

And Beyond



BURLINGTON, Ontario, Canada

The 200 room, six-storey Holiday Inn Burlington is situated at the Guelph Line and Harvester Road adjacent to the Queen Elizabeth expressway which links Toronto, Hamilton, St. Catharines and Niagara Falls to the U.S.A. The Inn, opening in summer 1973 will have indoor and outdoor swimming pools, saunas, and an exercise and games room. There will be a large theme restaurant, a theme entertainment lounge, intimate cocktail lounge, large banquet hall and meeting rooms to accommodate 500.



WINNIPEG, Manitoba, Canada

Holiday Inn Winnipeg-Downtown, when completed in late 1973 will be the first Holiday Inn in Manitoba, and the city's newest major hotel. Located in the heart of an exciting redevelopment of Winnipeg's "Inner City", its 17 storeys will soar from a two and a half acre site at St. Mary Avenue and Hargrave Street. Built adjacent and connected to the city's new thirty-million dollar convention centre. It will incorporate amongst its facilities, indoor and outdoor swimming pools, saunas, an exercise and games room, theme restaurant and entertainment room, coffee shop and underground parking. Nine meeting rooms which can be sub-divided, and an elegant ballroom to hold 1,000 for meetings and 600 for banquets complete this 411-room Inn's facilities.



QUEBEC CITY, Quebec, Canada

Located in the downtown area of the city, the Holiday Inn Quebec-Downtown is scheduled to open in spring 1974. This city is the provincial capital as well as being an important business centre. Its historic significance and unique architecture and atmosphere make it a major tourist destination. The 15 storey, 250 room Inn will have an indoor swimming pool, saunas, an exercise and games room. Other facilities will include a theme entertainment room, a restaurant, and a ballroom and meeting rooms to cater to functions of up to 400 people.



VILAMOURA, Algarve—Portugal

Construction is proceeding on the second of the Company's Portuguese Inns. Scheduled to open in 1974, this 307 room Inn has a beach front location on the Algarve, often compared to the Riviera for its excellent climate. In addition to the Holiday Inn, the development will have a casino, a golf course and riding stables.



PORT OF SPAIN, Trinidad, W.I.

Scheduled to open in summer 1973, the 255 room Holiday Inn, Port of Spain, has been designed with both the travelling businessman and the Caribbean tourist in mind. The Inn, occupying a beautifully landscaped site in the downtown area of Port of Spain, will have a rooftop revolving restaurant and lounge, state suites, a large theme entertainment lounge, poolside dining, meeting, convention and banquet facilities.



TIGNES—Val d'Isère, France

More than 7,000 feet up in the Haute Savoie alpine region of France, the 176 room Holiday Inn Tignes is to open in June 1973. Built adjacent to the gondola ski lift at the foot of the Grand Motte, the Inn will provide year-round skiing to guests. Also during the winter, skating and curling facilities will be available. In summer, there is sailing on nearby Lac Tignes, a golf course and tennis courts are also located close to the Inn. Guests can enjoy climbing, or explore the many alpine walking trails in the surrounding Voies National Park. As well as the usual amenities to be found at a Holiday Inn, the Inn will have two heated swimming pools, one at rooftop level, two cocktail lounges, three restaurants serving French and International cuisine and a pub. In addition there will be a night club/discotheque, a children's nursery, meeting and banquet facilities for 200 and a covered car parking area.



BRISTOL, England

Now nearing completion, and scheduled to open in late Spring 1973, Holiday Inn Bristol is centrally located at the junction of Old Market Street and Temple Way. The 300 room Inn has indoor parking, an indoor swimming pool opening on to a landscaped terrace, a theme restaurant, coffee shop and entertainment lounge. A superb penthouse suite and ten smaller luxury suites. For conferences and conventions, there are numerous meeting rooms, and a ballroom which will accommodate more than 700, with an adjoining cinema.



GRAND ISLAND—Niagara, New York State

Opening early summer 1973, the 275 room, five storey Holiday Inn Grand Island located on the island of the same name, situated in the Niagara River, will be one of the finest resorts in the north eastern United States. Set in a natural surrounding of woodland and lakes, only minutes by expressway from Buffalo and Niagara Falls. Each room provides a view of the river or the lakes and woodlands of the adjacent 18 hole championship golf course. Features of the Inn will include indoor and outdoor swimming pools, saunas, tennis courts, restaurant, theme entertainment lounge, meeting rooms to seat up to 700 and a ballroom to provide complete meeting and convention facilities. An adjacent 250 slip marina and 4,000 seat ice pavilion are in the planning stages.



HALIFAX, Nova Scotia, Canada

Situated near the Citadel at the junction of Quinpool Road and Robie Streets, the Holiday Inn Halifax will open in Fall 1973, providing much needed accommodation for Nova Scotia's Capital City.

Rising 14 storeys, the Inn will have 245 guest rooms, an indoor pool with a lounge and outdoor patio, a theme entertainment lounge and a dining room. A large ballroom holding 300, and four other meeting rooms will provide convention space for a total of 500.



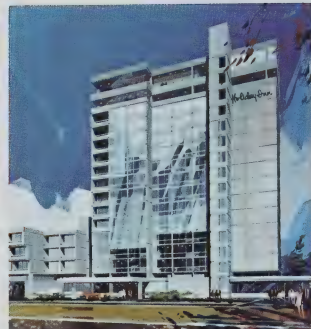
VANCOUVER-HARBOUR SIDE, British Columbia, Canada

Presently under construction on a one and a half acre site on West Hastings Street in the downtown area of the city, the 21 storey, 450 room Holiday Inn Vancouver-Harbour Side, overlooks Coal Harbour and the mountains beyond. Opening in summer 1974, the Inn will be topped by a revolving restaurant with a panoramic view of the Bay and the city. It will have indoor and outdoor pools, saunas, a games and exercise room, a theme entertainment room, and 2 cocktail lounges, one at rooftop level. There will also be a ballroom accommodating 700 and meeting rooms holding a further 300 people.



VANCOUVER-BROADWAY, British Columbia, Canada

The Holiday Inn Vancouver-Broadway is expected to open in Spring 1974. The 15 storey, 200 room Inn is located in the busy mid-town section of the city at the junction of Broadway and Heather Streets, close to the largest medical complex in British Columbia. An indoor pool, saunas, and restaurant will be features of the Inn together with a small intimate cocktail lounge. A ballroom and meeting rooms will provide meeting and convention facilities for up to 400 people.



POINTE CLAIRE, Quebec, Canada

Situated on the western outskirts of Montreal, on a 7½ acre site adjacent to the Trans-Canada Highway, the 300 room, 14 storey Holiday Inn Pointe Claire will open in spring 1974. The Inn will serve this growing industrial and commercial community, and will have indoor and outdoor swimming pools, saunas, an intimate cocktail lounge, a theme entertainment lounge and a restaurant. Meeting facilities include a ballroom and several meeting rooms which will accommodate more than 600.

OTHER INNS UNDER CONSTRUCTION

Slough/Windsor, England opening Spring 1973
London-Marble Arch, England opening Spring 1973
London-Swiss Cottage, England opening Spring 1973
London-City Centre, Ontario, Canada opening late 1974

Financial Folio

Auditors' Report

To the Shareholders of Commonwealth Holiday Inns of Canada Limited.

We have examined the consolidated balance sheet of Commonwealth Holiday Inns of Canada Limited and its subsidiaries as at October 31, 1972 and the consolidated statements of earnings, retained earnings, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such test of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

London, Canada,
January 3, 1973.

Clarkson, Gordon & Co.,
Chartered Accountants.

Commonwealth Holiday Inns of Canada Limited and its Subsidiaries

Year ended October 31, 1972 (with comparative amounts for 1971)

CONSOLIDATED STATEMENT OF EARNINGS

	1972	1971
Sales (including management fees of \$333,933 in 1972, \$89,047 in 1971)	\$56,842,588	\$43,023,663
Earnings from operations before charges as set out below	\$16,362,025	\$11,975,567
Rent—leased Inns	5,363,504	3,614,064
Depreciation and amortization— <i>note 2</i>	2,447,803	1,790,884
Amortization of deferred expenses— <i>note 4</i>	437,773	392,874
Interest on long term debt	3,483,745	2,826,480
	11,732,825	8,624,302
	4,629,200	3,351,265
Equity in losses of affiliate— <i>note 3</i>	320,000	
Earnings for year before taxes on income	4,309,200	3,351,265
Taxes on income—deferred— <i>note 7</i>	2,187,000	1,625,000
Net earnings for year	\$ 2,122,200	\$ 1,726,265
Earnings per share—<i>note 14</i>	\$0.40	\$0.36

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	1972	1971
Balance beginning of year	\$ 5,091,647	\$ 3,391,382
Add net earnings for year	2,122,200	1,726,265
	7,213,847	5,117,647
Deduct dividends paid on preference shares		26,000
Balance end of year—<i>note 9</i>	\$ 7,213,847	\$ 5,091,647

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

	1972	1971
Balance beginning of year	\$ 4,147,562	
Transfer of the excess of the stated value of former no par value common shares outstanding at date of conversion over par value of new common shares		\$ 1,847,462
Excess over par value of common shares issued during year— <i>note 8</i> :		
Upon exercise of share purchase warrants		3,303,760
Upon issuance and sale of shares to underwriters (net)		5,989,928
Upon issuance of shares to employees	25,888	6,412
	4,173,450	11,147,562
Deduct cost of share purchase warrants purchased for cancellation		7,000,000
Balance end of year	\$ 4,173,450	\$ 4,147,562

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1972	1971
Working capital beginning of year	\$ 1,996,390	\$ 715,779
Source of funds:		
From operations		
Net earnings for year	2,122,200	1,726,265
Add or (deduct)		
Deferred income taxes	2,187,000	1,625,000
Depreciation and amortization	2,885,576	2,183,758
Other non-cash items	284,812	(35,188)
	7,479,588	5,499,835
Gain on foreign exchange futures		240,964
Mortgages and other long term loans	19,504,001	12,077,841
Minority interest in subsidiary company		501,865
Sale of shares	28,613	11,726,243
Sale of fixed assets (net of long term bank loan repaid at date of sale)		1,883,115
	27,012,202	31,929,863
Application of funds:		
Purchase of fixed assets (including Inns under construction)	22,809,803	18,460,338
Investments—shares, debentures and advances (less sale of net non-current assets)	1,418,994	98,756
Deferred expenses	1,511,996	1,116,530
Franchises	137,175	148,787
Reduction of long term debt	1,175,003	3,798,841
Dividends		26,000
Purchase for cancellation of share purchase warrants		7,000,000
	27,052,971	30,649,252
Increase (decrease) in working capital	(40,769)	1,280,611
Working capital end of year	\$ 1,955,621	\$ 1,996,390

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet October 31, 1972 (with comparative amounts for 1971)

ASSETS	1972	1971
Current:		
Cash	\$ 5,186,795	\$ 2,870,457
Accounts receivable	4,125,155	2,569,302
Construction costs recoverable from a lessor less bank loans repayable therefrom of \$935,000		610,800
Inventories—at the lower of cost or net realizable value	1,052,133	895,021
Prepaid expenses	768,111	940,595
	11,132,194	7,886,175
Fixed—at cost—notes 2 and 13:		
Land	3,848,375	3,743,227
Buildings and leaseholds	32,526,768	32,818,622
Furniture and equipment, roadways, swimming pools, etc.	20,299,406	16,620,139
	56,674,549	53,181,988
Less accumulated depreciation and amortization	7,684,417	6,070,975
	48,990,132	47,111,013
Major renovations (net of amortization to date of \$559,879 in 1972 and \$305,135 in 1971)	1,605,668	974,479
	50,595,800	48,085,492
Inns under construction—at cost (of which land amounts to \$3,043,300 in 1972; \$2,328,260 in 1971)	16,083,758	4,361,717
Investments—note 3	6,819,157	1,373,962
Deferred costs and franchises:		
Opening and development cost—net—note 4	2,686,663	2,996,620
Cost of borrowing—net—note 4	747,548	504,918
Franchises—Holiday Inns, Inc.—at cost	1,171,007	1,033,832
	4,605,218	4,535,370
	\$89,236,127	\$66,242,716

See accompanying notes to the consolidated financial statements.


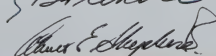
LIABILITIES

	1972	1971
Current:		
Accounts payable and accrued charges		
Taxes payable (other than income taxes)	\$ 6,986,788	\$ 4,424,303
Long term debt payable within one year	563,112	356,387
	1,626,673	1,109,095
	9,176,573	5,889,785
 Long term debt—note 5	 54,322,311	 38,725,915
 Deferred gains—note 6	 962,598	 997,786
 Deferred income taxes—note 7	 7,577,602	 5,583,000
 Minority interest in subsidiary company	 501,865	 501,865
 Shareholders' equity:		
Capital—note 8		
Authorized:		
7,425,000 common shares of \$1 par value each	\$ 7,425,000	
Issued and fully paid:		
5,307,881 common shares (5,305,156 shares in 1971)	5,307,881	5,305,156
Contributed surplus	4,173,450	4,147,562
Retained earnings—note 9	7,213,847	5,091,647
	16,695,178	14,544,365
	\$89,236,127	\$66,242,716

On behalf of the Board

Director

Director

Notes to the Consolidated Financial Statements October 31, 1972

1. Principles of accounting and consolidation

The accompanying consolidated financial statements include the accounts of the company, its wholly-owned subsidiaries, Associated Innkeepers Supplies Limited, Commonwealth Holiday Inn (Alberta) Limited and Philip Eprile Associates Limited and its partly-owned subsidiary (65%) Allied Inn Keepers of Trinidad and Tobago Limited.

During the year ended October 31, 1972, effective from October 1971, the company's equity in the shares of Allied Innkeepers (Bermuda) Limited was reduced to 33% and accordingly, the accounts of that company have not been consolidated in the accompanying consolidated financial statements for 1972. The investment by the company in the shares of Allied Innkeepers (Bermuda) Limited is reflected on an equity basis in the accompanying consolidated financial statements for 1972. (See also note 3).

The company incurs certain non-operating costs during the construction period in respect of leased Inns including building costs etc. not payable by the owner, rents and insurance and taxes. These costs which total approximately \$5,876,000 to October 31, 1972 are treated as leaseholds and are included in fixed assets in the accompanying consolidated financial statements and amortization is provided annually thereagainst on the basis described in note 2.

During the year ended October 31, 1972, the company established a policy respecting the accounting for non-operating expenses (including rent, interest, insurance and taxes, depreciation and amortization) of large urban Inns which open in stages over a period of time—this being the first year in which this has occurred to a significant degree. Such expenses are charged to revenue from the first opening of any part of the Inn in accordance with a scale established by reference to the percentage of rooms occupied related to the total numbers of rooms to be comprised within the Inn when completed and applies during a period ending on the later of six months after any rooms are first available to be rented or one month after final completion, whichever is later.

The accounts of certain branches of the company are carried in other than Canadian currency and certain debt is payable in other than Canadian currency. These are included in the accompanying consolidated financial statements in Canadian dollars on the following basis:

Current assets and current liabilities	—at the rate of exchange in effect as at the balance sheet date
Non-current assets and non-current liabilities	—at the rates of exchange in effect when the assets were acquired or the liabilities incurred
Sales and expenses	—at the average rate of exchange for the year

2. Fixed assets

A major portion of the real estate and furniture and equipment is pledged to secure mortgages and other long term debt.

For accounting purposes, depreciation and amortization is computed on a straight-line basis at the following annual rates:

Building and leaseholds	*2½%
Paving	4
Furniture and equipment	9
Swimming pools	10
Major renovations	20

*A higher rate is applied to leaseholds if, at the time of the expenditure, the remaining term of the lease plus one renewal period is less than 40 years.

3. Investments

This consists of investments in Allied Innkeepers (Bermuda) Limited and certain other companies particulars of which are as follows:

Allied Innkeepers (Bermuda) Limited:	
Ordinary shares (33½%)	\$ 240,000
Class A debentures	4,769,640
Advances etc.	1,451,383
	6,461,023
Less reduction in carrying value of investment (see below)	1,017,292
	5,443,731
Shares of company formed to construct a future Inn in Guadeloupe (39%)	198,388
Debitures of company which owns the Inn in St. Lucia (pledged as security for certain long term debt)	1,177,038
	\$6,819,157

During the year ended October 31, 1972, the company completed an agreement with Commonwealth Development Corporation, (C.D.C.) a United Kingdom Crown Corporation, whereby C.D.C. acquired a 50% equity in the shares of Allied Innkeepers (Bermuda) Limited and whereby both the company and C.D.C. subsequently sold substantially all of their net assets in the Caribbean to Allied Innkeepers (Bermuda) Limited. Subsequently, Allied Innkeepers (Bermuda) Limited issued further shares to an additional investor thereby reducing the investment of Commonwealth Holiday Inns of Canada Limited in the shares of that company to 33%. The accounting treatment of this investment in the accompanying consolidated financial statements is referred to in note 1.

Particulars of the selling price of net assets sold and consideration received thereon are as follows:

	Selling price of net assets	Consideration received
Net current assets	\$ 285,472	Shares \$ 240,000
Fixed assets	6,667,850	Class A debentures 4,769,640
Goodwill	800,000	
	7,753,322	
Less long term debt assumed	2,743,682	
	\$5,009,640	\$5,009,640

The company realized a net gain of \$610,215 on the sale of these assets after taking into consideration the write-off of substantially all of the deferred pre-opening and development expenses in the Caribbean and the net applicable income tax (deferred) of \$271,899. This net gain has been applied to reduce the carrying value of the company's investment in the applicable shares and debentures.

During the year the company made certain advances and charges and contributed additional fixed assets to Allied Innkeepers (Bermuda) Limited totalling \$1,451,383 in respect of which the company is to receive Class C debentures for approximately \$1,000,000, the balance remaining as advances receivable on open account.

As the company intends to account for its investment in Allied Innkeepers (Bermuda) Limited on an equity basis, a provision of \$407,077 has been made for the company's share of the loss of that company to October 31, 1972 of which \$320,000 is applicable to the year ended October 31, 1972 and the balance of \$87,077 net of deferred taxes of \$79,501 is applicable to the prior year and was reflected in the accounts in that year.

4. Deferred costs

These consist of the cost and accumulated amortization of deferred costs which have not been fully amortized at October 31, 1972.

	Cost	Accumulated amortization	Unamortized balance October 31	
			1972	1971
Deferred opening and development costs	\$3,419,832	\$ 733,169	\$2,686,663	\$2,996,620
Deferred cost of borrowing	1,079,258	331,710	747,548	504,918
	\$4,499,090	\$1,064,879	\$3,434,211	\$3,501,538

During the year ended October 31, 1972, deferred costs were increased by \$1,511,996 and were reduced by amortization of \$437,773, the write-off of substantially all of the deferred pre-opening and development costs in the Caribbean totalling \$1,024,745 and transfers to Allied Innkeepers (Bermuda) Limited of deferred pre-opening and development costs of borrowing totalling \$116,802. In addition, pre-opening and development costs which were fully amortized totalling \$593,000 were eliminated from the accounts.

The write-off of the deferred pre-opening and development costs in the Caribbean which was made after the sale of substantially all of the company's assets in the Caribbean to Allied Innkeepers (Bermuda) Limited was applied, net of deferred taxes relating thereto of \$512,372, as an offset against gain on the sale of such assets—see note 3.

Deferred expenses are amortized as follows:

Opening and development costs—During the first sixty months commencing with the month following the opening of each Inn
Cost of borrowing —During the term of the respective borrowing

5. Long term debt

Long term debt outstanding at October 31, 1972 consists of:

	Payable within one year	Amount
(a) Real estate mortgages payable: 8½%-12½% first and second mortgages due on varying dates from 1973 to 1989	\$1,326,673	*\$37,611,129

*Payable in currencies other than Canadian currency—

Cdn. \$12,824,375—U.S. \$13,000,000
Cdn. 3,000,000—D.M. 10,737,294
Cdn. 1,697,218—U.K. £ 685,108

(b) Sinking fund debentures payable: 7½% Senior debentures maturing December 1, 1979 (sinking fund payment of \$100,000 in each of the years 1973 to 1979 and \$50,000 on maturity)	100,000	750,000
7% Series "A" subordinated debentures maturing June 30, 1974 (sinking fund payments of \$200,000 in 1973 and 1974)	200,000	400,000
6% Series "B" subordinated debentures maturing June 30, 1979 (sinking fund payments of \$40,000 in each of the years 1975 to 1979)		200,000
	300,000	1,350,000

(c) Secured notes payable:
6½% secured notes maturing June 30, 1991, repayable semi annually by payments of blended principal and interest at an annual amount equal to 5.03234% of the highest aggregate principal amount of notes issued commencing December 31, 1974 (secured by a first mortgage and first floating charge on certain property) (\$8,500,000 U.S.)

8,659,977

	Payable within one year	Amount
Deduct amount of secured notes assumed by Allied Innkeepers (Bermuda) Limited (\$1,730,000 U.S.) for which the company remains directly liable		1,762,477
		6,897,500

(d) Due to bankers: Term bank loans due as to \$2,000,000 in May 1974 and as to \$1,177,038 in November 1974 (secured respectively by a \$5,000,000 floating charge debenture and the assignment of accounts receivable and the assignment of certain investments) see note 3		3,177,038
--	--	-----------

(e) Interim financing repayable from proceeds of committed mortgage loans (secured by first mortgages on certain properties)		6,913,317
	\$1,626,673	55,948,984
Less payable within one year		1,626,673
		\$54,322,311

Instalments of long term debt (excluding any repayments which may be required on committed financing which will replace the interim financing included in long term debt) payable each year for the next five years are:

1973 — \$1,626,673	1976 — \$6,703,087
1974 — 7,061,200	1977 — 4,944,314
1975 — 4,269,267	

6. Deferred gains

This consists of:
Gain on sale and leaseback of one of the company's Inns during 1969 (net of amortization to date of \$115,830 including \$35,188 in 1972—\$35,188 in 1971)

	\$412,369
Gains on foreign exchange in 1971	550,229
	\$962,598

The gain on the sale and leaseback of the particular Inn is being transferred to income each year on a basis which will amortize the total gain over the term of the applicable lease.

The gains on foreign exchange which arose in 1971 have been deferred as the cost in Canadian funds of repayment of the long term debt in foreign currencies is subject to uncertainty.

7. Income taxes

In the accompanying consolidated statement of earnings, the income tax provision has been based on the income for the year as reported in the accounts. As the company claims

for income tax purposes deferred expenses as incurred and capital cost allowances in excess of depreciation, no taxes on income for the year are currently payable and accordingly the entire income tax provision for the year of \$2,187,000 has been deferred.

The company is entitled to claim certain land acquisition costs as an expense for income tax purposes but such costs will not be written off in the accounts of the company except in the event of the sale of the particular property. Such costs are regarded as permanent differences between accounting and taxable income and accordingly, no income tax provision is required in respect thereof. For 1972, this has resulted in a reduction in the income tax provision of \$87,000 (\$145,000 in 1971).

Deferred income taxes were reduced during the year ended October 31, 1972 by \$192,398, the net of the reduction resulting from the write off of deferred pre-opening and development expenses in the Caribbean and the increases resulting from taxes provided with respect to amounts applied as reductions in carrying value of investment in Allied Innkeepers (Bermuda) Limited (see notes 3 and 4).

8. Capital

During the year ended October 31, 1972, the company issued 2,725 common shares on the exercise of certain employee options for \$28,613 cash allocated as follows:

Capital stock	\$ 2,725
Contributed surplus	25,888
	\$28,613

As at October 31, 1972, common shares are reserved as follows:

For issuance at \$2 per share under share purchase warrants expiring June 30, 1978 issued to holders of the 7½% senior debentures	250,000
For issuance to employees at \$10.50 per share	14,650
For issuance to Holiday Inns, Inc. at \$8 per share under share purchase warrants exercisable from November 1, 1972 and expiring November 1, 1984	50,026
For issuance to holders of secured notes at \$8 per share under share purchase warrants exercisable from November 1, 1972 and expiring November 1, 1984	200,000
For issuance to employees	
—at \$10.90 per share	29,600
—at 10% below market price at date option is granted	20,400
	* 50,000
	564,676

*During the year ended October 31, 1972, the company set aside 50,000 common shares for issuance to employees under an employee stock option agreement expiring June 15, 1982 at a price to be 10% below market price at date the option is granted. Subsequently, employees were granted options to purchase 29,600 shares at a price of \$10.90 per share.

Nine Year Financial Review

9. Restrictions on dividends

The sinking fund debentures were issued under trust indentures which contain various restrictions on the payment of dividends (other than stock dividends), the redemption or retirement of shares or the making of any other distributions to shareholders. As at October 31, 1972, under the most restrictive provision, \$2,515,000 was available for any such distributions.

10. Contingent liabilities and commitments

The company is contingently liable with respect to certain indebtedness and commitments assumed by Allied Innkeepers (Bermuda) Limited in connection with the sale of net assets to that company referred to in note 3. As at October 31, 1972, such indebtedness of Allied Innkeepers (Bermuda) Limited amounts to \$751,000 and such commitments which relate to lease payments over the next twenty-two years in respect of two Caribbean Inns amount to \$11,615,000.

These amounts are in addition to the \$1,762,477 of 6% secured notes which were assumed by Allied Innkeepers (Bermuda) Limited for which the company remains directly liable—see note 5.

The cost to complete Inns under construction as at October 31, 1972 has been estimated at \$36,000,000 extending into 1974, no portion of which is reflected in the accompanying consolidated financial statements. It is the intention to finance this program from long term loans already arranged and from internal resources.

Certain of the mechanics liens registered against two of the company's Inns during 1971 by reason of the insolvency of the general contractor engaged to construct these Inns remain unsettled as at October 31, 1972. In the opinion of the company's solicitor, after all adjustments have been made, the company will not suffer losses in respect of the properties referred to above in excess of amounts included in liabilities in the accompanying consolidated financial statements.

11. Long term leases and fees

The company has entered into agreements to lease properties which are operated as Inns for periods varying from 6 to 40 years at total minimum rentals for the remaining terms of the leases of approximately \$130,000,000. Total minimum fixed rentals per year as at October 31, 1972 approximate \$5,800,000. In the case of certain leases, increased rentals may be payable if Inn revenues exceed specified amounts. Certain leases provide the company with options to purchase the leased properties. The company has also entered into agreements to lease additional properties to be operated as Inns in the future for 20-25 year periods in Canada and 99 to 120 years in the United Kingdom at annual minimum rentals of approximately \$2,500,000.

Under its agreements with Holiday Inns, Inc., the company is required to pay royalties and assessments for advertising and other services which currently amount to approximately \$1,500,000 annually. It has also entered into miscellaneous equipment leases which require annual rental payments of approximately \$794,000.

Under the terms of the agreement relating to the 6% secured notes, the company has agreed not to permit minimum annual lease obligations on real property located in Canada and continental United States to exceed 12% of the net book value of the company's fixed assets located within these two countries. As at October 31, 1972, these minimum annual lease obligations were less than 12% of the net book value of the applicable fixed assets.

12. Statutory information

The aggregate direct remuneration paid or payable by the company and its subsidiaries to directors and senior officers amounted to \$478,000 for the year ended October 31, 1972 (\$394,000 in 1971). This remuneration includes directors' fees of \$9,748 for 1972 and \$13,736 for 1971.

The liability in respect of past service pension costs not provided for in the accompanying consolidated financial statements as at October 31, 1972 amounts to \$557,000. This amount is to be paid in annual instalments of \$40,800 over the next five years and \$32,100 over the following twelve years. During 1972, past service pension costs totalling \$34,500 were charged to expense. All other pension costs are provided and paid for in the year in which such costs are incurred.

13. Appraisal value of real estate

Land and buildings included in fixed assets in the accompanying consolidated balance sheet at a net book value of \$29,559,000 have an estimated appraisal value, on a net replacement cost basis of \$40,479,000 based on an appraisal by Metropolitan Trust Company during 1971 with subsequent additions included at cost. The above amounts do not take into account values relating to leased properties, furnishings or values attributable to the Holiday Inn franchises.

14. Earnings per share

Earnings per share for 1972 have been calculated on the weighted average of common shares actually outstanding during the year. The comparative earnings per share for 1971 have been calculated on an adjusted basis to give effect to certain share transactions which occurred in that year as from the beginning of the year, particulars of which calculation are fully disclosed in the notes to the consolidated financial statements of the company for that year.

Fully diluted earnings per share have not been shown as the difference from earnings per share figures is immaterial.

Results for the year

Sales

Earnings Before Taxes on Income

Provision for Income Taxes

Net Earnings for the Year*

Cash Flow from Operations**

Depreciation and Amortization

Additions to Plant and Equipment***

Year end position

Working Capital

Fixed Assets at Cost***

Total Assets

Long Term Debt

Shareholders' Equity

General statistics

Preference Shares—Outstanding

Common Shares—Outstanding

—Reserved for Conversion and Options

—Total Outstanding and Reserved

Inns in Operation

Rooms in Operation

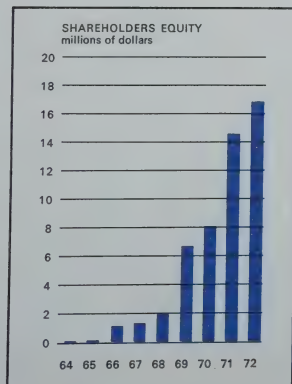
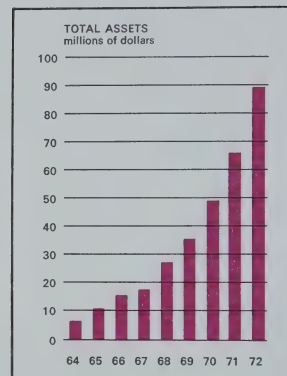
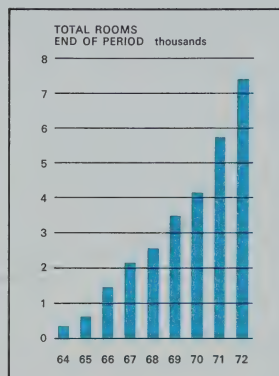
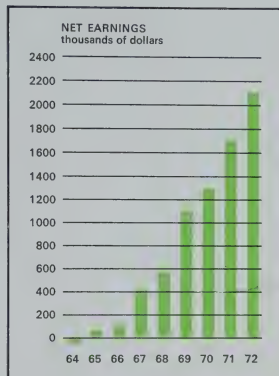
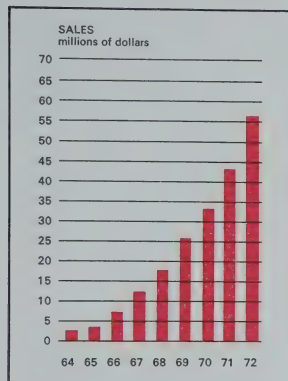
*After dividends on preference shares.

**Cash flow consists of net earnings plus charges against net earnings which do not require an outlay of funds.

***Includes construction in progress and unamortized cost of major renovations.

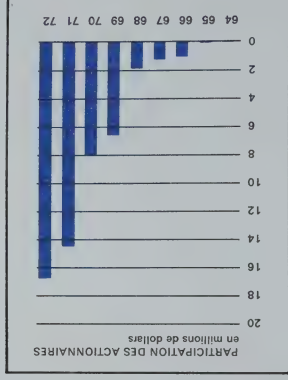
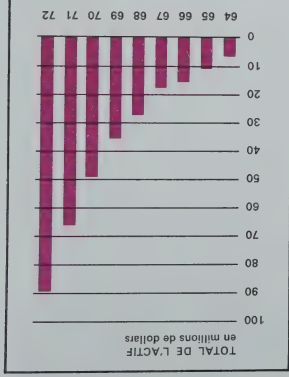
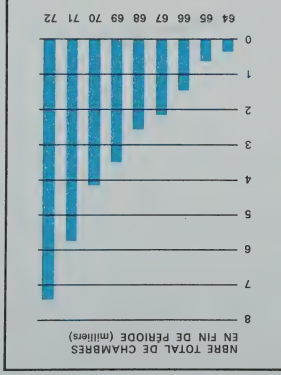
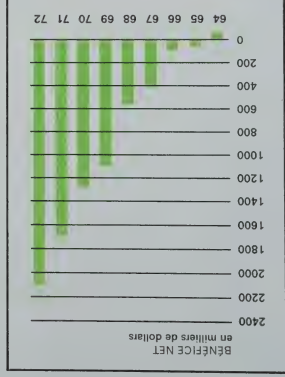
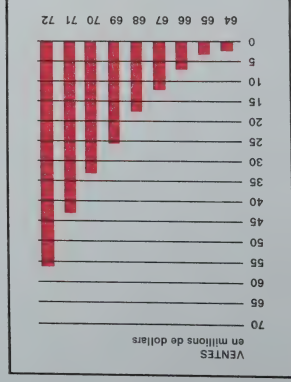
1972	1971	1970	1969	1968	1967	1966	1965	1964
\$56,842,588	\$43,023,663	\$33,258,870	\$25,431,843	\$17,654,355	\$12,453,855	\$ 7,062,421	\$ 3,567,315	\$ 2,650,583
4,309,200	3,351,265	2,804,927	2,509,597	1,336,659	917,178	226,704	105,731	(113,057)
2,187,000	1,625,000	1,475,000	1,333,000	695,000	481,300	122,000	55,000	(56,900)
2,122,200	1,708,965	1,276,871	1,122,160	586,409	405,997	112,243	50,731	(56,157)
7,479,588	5,499,835	4,620,120	3,876,526	2,374,762	1,726,137	691,114	383,797	145,634
2,885,576	2,183,758	1,850,381	1,378,633	1,038,103	777,813	477,871	277,066	270,791
22,809,803	18,460,338	10,953,791	10,996,052	7,652,687	3,224,369	5,053,238	3,081,018	550,000
\$ 1,955,621	\$ 1,996,390	\$ 715,779	\$ 183,514	\$ 592,003	(\$ 963,751)	(\$ 421,139)	(\$ 1,447,018)	(\$ 2,052,035)
74,923,854	58,823,319	43,803,822	32,918,085	25,025,112	17,273,501	13,967,198	8,965,283	6,009,336
89,236,127	66,242,716	49,571,132	36,030,849	27,051,643	17,856,057	15,596,668	10,501,956	6,729,488
54,322,311	38,725,915	32,332,548	22,593,209	21,545,396	13,775,714	12,113,550	7,462,051	3,895,668
16,695,178	14,544,365	8,065,857	6,783,473	1,932,481	1,372,144	1,015,377	52,634	1,903
		4,000	4,150	4,250	4,250	4,250		
5,307,881	5,305,156	2,427,013	2,411,488	2,050,063	2,050,000	2,050,000	2,000,000	2,000,000
564,676	517,401	3,964,237	3,959,137	3,949,937	675,000	675,000		
5,872,557	5,822,557	6,391,250	6,370,625	6,000,000	2,725,000	2,725,000	2,000,000	2,000,000
39	34	27	23	17	14	10	5	3
7,400	5,754	4,164	3,499	2,558	2,166	1,441	639	440

Nine Years of Growth



COMMONWEALTH *Holiday Inns* OF CANADA LIMITED

Neuf années de croissance



COMMONWEALTH *Holiday Inns* OF CANADA LIMITED

1972	1971	1970	1969	1968	1967	1966	1965	1964
\$56,842,588	\$43,023,663	\$33,258,870	\$25,431,843	\$17,654,356	\$12,453,855	\$ 7,062,421	\$ 3,567,315	\$ 2,650,583
4,309,200	3,351,265	2,804,927	2,509,597	1,336,659	917,178	226,704	105,731	(113,057)
2,187,000	1,625,000	1,475,000	1,333,000	695,000	481,300	122,000	55,000	(56,900)
2,122,200	1,708,965	1,276,871	1,122,160	586,409	405,997	112,243	50,731	(56,157)
7,479,588	5,499,835	4,620,120	3,876,526	2,374,762	1,726,137	691,114	383,797	145,634
2,885,576	2,183,758	1,850,381	1,378,633	1,058,103	777,813	477,871	277,066	270,791
22,809,803	18,460,338	10,953,791	10,996,052	7,652,687	3,224,369	5,053,238	3,081,018	550,000
\$ 1,955,621	\$ 1,996,390	\$ 715,779	\$ 183,514	\$ 592,003	(\$ 963,751)	(\$ 421,139)	(\$ 1,447,018)	(\$ 2,052,035)
74,923,854	58,823,319	43,803,822	32,918,085	25,025,112	17,273,501	13,967,198	8,965,283	6,009,336
89,236,127	66,242,716	49,571,132	36,030,849	27,051,643	17,856,057	15,596,668	10,501,956	6,729,488
54,322,311	38,725,915	32,332,548	22,593,209	21,545,396	13,775,714	12,113,550	7,462,051	3,895,668
16,695,178	14,544,365	8,065,857	6,783,473	1,932,481	1,372,144	1,015,377	52,634	1,903
4,000	4,150	4,250	4,250	4,250	4,250	4,250		
5,307,881	5,305,156	2,427,013	2,411,488	2,050,063	2,050,000	2,050,000	2,000,000	2,000,000
564,676	517,401	3,964,237	3,959,137	3,949,937	675,000	675,000		
5,822,557	5,822,557	6,391,250	6,370,625	6,000,000	2,725,000	2,725,000	2,000,000	2,000,000
39	34	27	23	17	14	10	5	3
7,400	5,754	4,164	3,499	2,558	2,166	1,441	639	440

PASSIF

1971 1972

Passif à court terme:

\$ 4,424,303	\$ 6,986,788	
356,387	563,112	
1,109,095	1,626,673	
5,889,785	9,176,573	

Comptes à payer et frais courus
 Taxes à payer (autres que les impôts sur le revenu)
 Dette à long terme à rembourser en deçà d'un an

Dette à long terme—Note 5

38,725,915 54,322,311

Gains reportés—Note 6

997,786 962,598

Impôts sur le revenu reportés—Note 7

5,583,000 7,577,602

Participation minoritaire dans une filiale

501,865 501,865

Avoir des actionnaires:

Capital—Note 8

Autorisé:

7,425,000 actions ordinaires d'une valeur au pair de \$1 chacune

\$7,425,000

Emis et entièrement acquitté:

5,307,881 actions ordinaires (5,305,156 actions en 1971)

Surplus d'apport

Bénéfices non répartis—Note 9

5,305,156 5,307,881
 4,147,562 7,213,847
 5,091,647 14,544,365
 \$66,242,716 \$89,236,127

Pour le Conseil:

administrateur

E. B. H. H.
W. S. H. H.

administrateur

Bilan Consolidé 31 Octobre 1972 (avec chiffres comparatifs pour 1971)

ACTIF		
Actif à court terme:		1972 1971
Encaisse	\$ 5,186,795	
Comptes à recevoir	4,125,155	
Coûts de construction à recevoir d'un bailleur, moins les emprunts bancaires y afférents à rembourser de \$935,000	2,569,302	
Stocks—au moindre du coût ou de la valeur nette de réalisation	610,800	
Frais payés d'avance	895,021	
	768,111	
	1,052,133	
	11,132,194	7,886,175
Immobilisations—au coût—Notes 2 et 13:		
Terrains	3,848,375	
Bâtiments et améliorations locatives	32,526,768	
Mobilier et matériel, pavage, piscines, etc.	20,299,406	
Moins amortissements accumulés	56,674,549	
	53,181,988	
	7,684,417	
Rénovations majeures (moins amortissement à ce jour de \$559,879 en 1972 et \$305,135 en 1971)	48,990,132	
	1,605,668	
	47,111,013	
	974,479	
	50,595,800	48,085,492
Hôtels en construction—au coût (y compris le coût des terrains de \$3,043,300 en 1972 et de \$2,328,260 en 1971)	16,083,758	
	4,361,717	
	6,819,157	1,373,962
Placements—Note 3		
Frais reportés et concessions:		
Frais d'ouverture et de développement—net—Note 4	2,686,663	
Frais d'emprunt—net—Note 4	747,548	
Concessions—Holiday Inns, Inc.—au coût	1,171,007	
	504,918	
	1,033,832	
	4,535,370	
	\$89,236,127	\$66,242,716

(voir les notes ci-jointes)

ETAT CONSOLIDÉ DE LA PROVENANCE ET DE L'UTILISATION DES FONDs

Fonds de roulement au début de l'exercice	\$ 1,996,390	\$ 715,779
Provenance des fonds:		
Exploitation—		
Bénéfice net de l'exercice	2,122,200	1,726,265
Ajouter ou (déduire)		
Impôts sur le revenu reportés	2,187,000	1,625,000
Amortissements	2,885,576	2,183,758
Autres éléments	284,812	(35,188)
Gain sur opérations de devises étrangères	7,479,588	5,499,835
Hypothèques et autres emprunts à long terme	19,504,001	12,077,841
Participation minoritaire dans une filiale		240,964
Vente d'actions		501,865
Vente d'immobilisations (moins l'emprunt bancaire à long terme remboursé au moment de la vente)	28,613	11,726,243
		1,883,115
	27,012,202	31,929,863

Utilisation des fonds:		
Achat d'immobilisations (y compris les hôtels en construction)	22,809,803	18,460,338
Placements—actions, débetures et avances (moins vente d'éléments nets d'actif à long terme)	1,418,994	98,756
Frais reportés	1,511,996	1,116,530
Concessions	137,175	148,787
Diminution de la dette à long terme	1,175,003	3,798,841
Dividendes		26,000
Achat pour annulation de droits d'achat d'actions		7,000,000
	27,052,971	30,649,252
Augmentation (diminution) du fonds de roulement	(40,769)	1,280,611
Fonds de roulement à la fin de l'exercice	\$ 1,955,621	\$ 1,996,390

(Voir les notes ci-jointes)

Commonwealth Holiday Inns of Canada Limited et ses filiales

Exercice terminé le 31 octobre 1972 (avec chiffres comparatifs pour 1971)

ETAT CONSOLIDÉ DES BÉNÉFICES		
Ventes (y compris les honoraires de gestion de \$333,933 en 1972, \$89,047 en 1971)	\$56,842,588	\$43,023,633
Bénéfice d'exploitation avant les frais énumérés ci-dessous	\$16,362,025	\$11,975,567
Loyers—hôtels loués	5,363,504	3,614,064
Amortissements—Note 2	2,447,803	1,790,884
Amortissement des frais reportés—Note 4	437,773	392,874
Intérêt sur dette à long terme	3,483,745	2,826,480
	11,732,825	8,624,302
Participation aux pertes d'une compagnie affiliée—Note 3	4,629,200	3,351,265
	320,000	
Bénéfice de l'exercice avant impôts sur le revenu	4,309,200	3,351,265
Impôts sur le revenu reportés—Note 7	2,187,000	1,625,000
Bénéfice net de l'exercice	\$ 2,122,200	\$ 1,726,265
Bénéfice par action—Note 14	\$0.40	\$0.36
ETAT CONSOLIDÉ DES BÉNÉFICES NON RÉPARTIS		
1972	1971	
1972	1971	
Solde au début de l'exercice	\$ 5,091,647	\$ 3,391,382
Ajouter bénéfice net de l'exercice	2,122,200	1,726,265
Déduire dividendes versés sur les actions privilégiées	7,213,847	5,117,647
Solde à la fin de l'exercice—Note 9	\$ 7,213,847	\$ 5,091,647
ETAT CONSOLIDÉ DU SURPLUS D'APPORT		
1972	1971	
1972	1971	
Solde au début de l'exercice	\$ 4,147,562	
Virement de l'excédent de la valeur déclarée des anciennes actions ordinaires sans valeur au pair en circulation à la date de conversion, sur la valeur au pair des nouvelles actions ordinaires excédent sur la valeur au pair des actions ordinaires émises au cours de l'exercice—Note 8		
A l'exercice des droits d'achat d'actions		
A l'émission et à la vente d'actions aux souscripteurs à forfait (net)		
A l'émission d'actions aux employés	25,888	6,412
Déduire le coût des droits d'achat d'actions achetées pour fins d'annulation	4,173,450	11,147,562
	7,000,000	
Solde à la fin de l'exercice	\$ 4,173,450	\$ 4,147,562

(Voir les notes ci-jointes)

Rapport des vérificateurs

Aux actionnaires de Commonwealth Holiday Inns of Canada Limited.

Nous avons examiné le bilan consolidé de Commonwealth Holiday Inns of Canada Limited et de ses filiales au 31 octobre 1972, ainsi que l'état consolidé des bénéfices, l'état consolidé des bénéfices non répartis, l'état consolidé du surplus d'apport et l'état consolidé de la provenance et de l'utilisation des fonds pour l'exercice terminé à cette date. Notre examen a comporté une revue générale des procédés comptables ainsi que les sondages des registres comptables et autres preuves à l'appui que nous avons jugés nécessaires dans les circonstances.

A notre avis, ces états financiers consolidés présentent fidèlement la situation financière des compagnies au 31 octobre 1972, ainsi que les résultats de leur exploitation et l'utilisation de leurs fonds pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus, lesquels ont été appliqués de la même manière qu'au cours de l'exercice précédent.

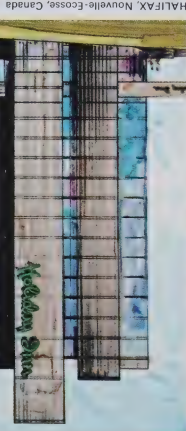
London, Canada,
le 3 janvier 1973.

Clarkson, Gordon & Cie
Comptables Agréés



BRISTOL, Angleterre

Bristol terminé, l'Hotel Holiday Inn de Bristol sera inauguré à la fin du printemps 1973. Situé à l'angle des rues Old Market et Temple Way, il comptera 500 chambres, un parking intérieur, une piscine intérieure ouvrant sur une salle de réception, un très bel appartement au dernier étage et dix chambres-appartements plus petits. De nombreuses salles accueilliront les conférences et so- complètes d'une salle de cinéma.



VANCOUVER, HARBOUR SIDE, Colombie-Britannique, Canada



En voie de construction sur un emplacement d'un acre et demi de la rue Hastings, au centre de la ville, cet hôtel Holiday Inn de 21 étages et 450 chambres commença le 1^{er} mai 1974. Le projet a été financé par la vente de Coali Harbour et des montagnes environnantes. Cet établissement, dont l'ouverture est prévue pour l'été 1974, comportera un restaurant gastronomique découvrant le panorama de la baie et de la ville. On y trouvera également piscine, salles de réception d'ambiance, 2 bars-cocktails, dont un au sommet de l'immeuble. Les salles de réunion 300 de plus.



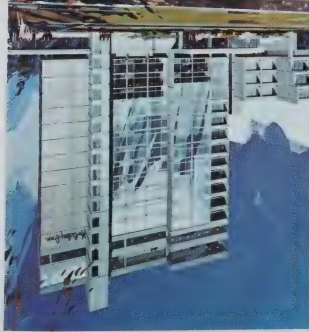
HALIFAX, Nouvelle-Ecosse, Canada

Situé à proximité de la Citadelle, au carrefour de Quinpool Road et de Robie Street, l'Hotel Holiday Inn qui s'ouvrira à Halifax au cours de l'automne 1973 comblera la lacune existant encore dans la capitale de la Nouvelle-Ecosse. Construit sur 14 étages et totalisant 245 chambres, il com- portera également une piscine intérieure avec bar et terrasse en plein air, une salle de réception d'ambiance et une salle à manger. Une grande salle de bal pour 300 personnes et quatre autres salles de réunion pourront accueillir 500 délégués.



VANCOUVER-BROADWAY, Colombie-Britannique, Canada

L'Hotel Holiday Inn de Vancouver-Broadway sera prêt au printemps 1974. Cet établissement de 15 étages et 200 chambres est situé dans un secteur très novateur de la ville, au carrefour de Broadway et de Heather Street, à proximité du plus grand centre médical de la Colombie-Britannique. Une piscine intérieure, des saunas et un restaurant seront complétés d'un bar-cocktail accueillant environ 400 personnes.



POINTE-CLAIRE, Québec, Canada

Situé dans la banlieue Ouest de Montréal, sur un grand terrain de 7½ acres contigu à l'autoroute 10, cet hôtel Holiday Inn de 300 chambres et 14 étages servira ces centres industriels et commerciaux en plein essor. Il comportera piscines intérieures et extérieures, saunas, bar-cocktail accueillant, une salle de réception et restaurant d'ambiance. Pour les congrès, une grande salle de bal et plusieurs salles de réunion pourront accommoder plus de 600 personnes.

AUTRES HOTELS EN CONSTRUCTION

Slough/Windsor, Angleterre. Ouverture prévue au printemps 1973.
London-Mable Arch, Angleterre. Ouverture prévue au printemps 1973.
London-Swiss Cottage, Angleterre. Ouverture prévue au printemps 1973.
London-City Centre, Oht, Canada. Ouverture prévue à la fin 1974.

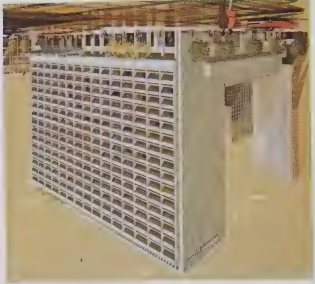
GRAND ISLAND, Niagara, Etat de New York

Le début de l'été 73 verra l'ouverture d'un hôtel Holiday Inn de cinq étages à Grand Island, sur l'île du même nom, au milieu de la rivière Niagara. Emouré à quelques mètres des cascades américaines, A beaux centres de villégiature du Nord-Est américain. Les parcs et lacs naturels, ce sera certainement un des plus agréables endroits de la région. L'Hotel Holiday Inn de cinq étages et 275 chambres à Grand Island, sur l'île du même nom, au milieu de la rivière Niagara. Emouré à quelques mètres des cascades américaines, A beaux centres de villégiature du Nord-Est américain. Les parcs et lacs naturels, ce sera certainement un des plus agréables endroits de la région. L'Hotel Holiday Inn de cinq étages et 275 chambres à Grand Island, sur l'île du même nom, au milieu de la rivière Niagara. Emouré à quelques mètres des cascades américaines, A beaux centres de villégiature du Nord-Est américain. Les parcs et lacs naturels, ce sera certainement un des plus agréables endroits de la région.



BURLINGTON, Ontario, Canada

L'hôtel de six étages et 200 chambres construit à Burlington se trouve aux abords de Guelph Line et Havelock Road, à proximité de l'ancienne Queen Elizabeth qui relie Toronto, Hamilton, St-Catharines et Niagara Falls aux États-Unis. Il sera ouvert dès l'été 1972 et offrira piscines intérieures et extérieures, saunas et gymnase. Il se compose d'un grand restaurant et une salle de réception pleine d'ambiance, d'un restaurant bar-cocktail ainsi que de vastes salles de banquet et de réunion pouvant accueillir 500 personnes.



VILLE DE QUÉBEC, Québec, Canada

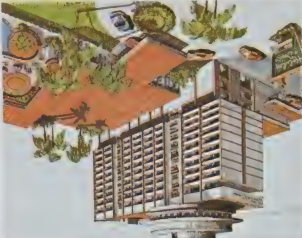


Situé en plein centre, l'hôtel Holiday Inn de Québec-Capitale possède aussi bien que contre d'autres importants, Québec attire de nombreux touristes par la singularité de son architecture et son pittoresque. Cet hôtel de 15 étages et 250 chambres comportera une piscine intérieure, des saunas et un gymnase. Les locaux contiennent également une salle de réception d'ambiance, un restaurant, une salle de bal et des salles de réunion capables d'accueillir 400 personnes.



VILAMOURA, Algarve-Portugal

Les travaux de construction progressent sur le second de nos hôtels portugais. Cet hôtel de 307 chambres, dont l'ouverture est prévue pour 1974, est situé sur une des plages de l'Algarve, région qui jouit d'une réputation comparable à celle de la Riviera. En plus de l'hôtel, ce point comportera un casino, un terrain de golf et des écuries pour l'équitation.



PORT OF SPAIN, Trinidad Antilles

L'hôtel Holiday Inn de 255 chambres qui s'ouvrira à Port of Spain au cours de l'été 74 a été conçu pour recevoir à la fois l'homme d'affaires et le touriste visitant les Antilles. Construit sur un beau terrain aménagé au centre de Port of Spain, l'hôtel comportera un bar-restaurant, une grande salle de réception, une terrasse-restaurant, une piscine, ainsi que des salles de réunion, de conférences et de banquet.



TIGNES, Val d'Isère, France

Proche à plus de 7.000 pieds en Haute-Savoie, l'hôtel Holiday Inn de Tignes ouvrira ses 176 chambres au mois de juin 1973. Contigu au renommé-pavé de la Grande Motte, cet hôtel permettra aux randonneurs du ski de plaisir leurs sports pendant l'année. Péninsule et curling seont également à l'honneur pendant la saison hivernale. La région est idéale pour l'alpinisme ou, plus simplement, pour le golf et du tennis sur les courts voisins. L'hôtel Tignes, en plus des éléments de confort habituel, l'hôtel Tignes offrira deux piscines chauffées, dont une au sommet de l'immeuble, deux bars-cocktails, nos restaurants de cuisine française et international ainsi qu'un "pub". Le tout sera complété d'un club/discothèque, d'une garde pour enfants, de salles de réunion et de banquet pour 200 personnes et d'un parking couvert.

WINNIPEG, Manitoba, Canada

L'hôtel Holiday Inn du centre ville de Winnipeg, qui sera terminé à la fin de 1973, sera le premier du genre au Manitoba et le plus nouveau des grands hôtels de la ville. Situé au cœur même de la ville, sa tour de 17 étages occupe un terrain de deux acres et dans l'angle des rues St Mary et Hargrave, Contigu au nouveau centre des congrès de trente millions de dollars, il comportera des piscines intérieures et extérieures, des saunas et un gym-restaurant d'ambiance et une grande salle de réception, un café et un parking souterrain. Neuf salles de réunion pouvant être divisées, une salle de bal pouvant recevoir 1.000 délégués en réunion, ou 600 convives en banquet, complètent les locaux de cet hôtel de 411 chambres.



Une récente étude de l'industrie touristique laisse entrevoir des pronostics intéressants:



MICHIGAN

□ Environ \$4,2 milliards ont été dépensés au Canada par les touristes en 1970, dont \$1,2 milliard par des étrangers et près de 88% par des visiteurs américains.

□ Le potentiel d'accroissement des revenus

des touristes au Canada a augmenté au cours de la dernière décennie au rythme annuel de 12,3%, tandis que les revenus dus à l'exportation n'ont augmenté que de 11,8%.

□ Entre 1966-70 la Grande-Bretagne est demeurée le lieu de séjour le plus fréquent pour les Canadiens. Les voyages en Grande-Bretagne ont représenté 22,5% de tous les voyages à l'étranger. Les pays du Marché commun ont

accueilli 20,9% des voyageurs et les Antilles 14,7%. Les touristes américains se rendant en Grande-Bretagne ont augmenté de 11% entre 1970 et 1971, pour atteindre un total de 1,5 million.

□ Ce sont les Canadiens qui ont le plus dépensé en voyages à l'étranger. Les statistiques révèlent que \$1,46 milliards ont été dépensés en 1970—soit \$68,30 par tête—trois fois plus que la moyenne américaine.

En résumé, nous arrivons au terme de dix années d'expansion et d'apprentissage. Nous sommes certains de l'avenir de l'industrie et sommes persuadés que la compagnie a mérité la confiance des actionnaires en prouvant son habileté à maintenir et à améliorer sa place dans l'industrie, de servir la clientèle et de rapporter un profit intéressant à ceux qui lui ont confié leurs capitaux.



ST. KITTIS



Associated Innkeepers, Studio de design



Holiday Inn, Owen Sound, Ontario, Canada — construction prévue



Holiday Inn, Chatham, Ontario, Canada



Holiday Inn, Toronto-Downtown, Canada: restaurant gîte La Ronde



LA GRENADE



TRINIDAD



ANTIQUA



ÉTAT DE NEW-YORK

bien compris. Chacun des quelque 1500 hôtels Holiday Inns établis sur tous les continents, sauf dans l'Antarctique, comporte un terminal électronique permettant d'effectuer une réservation dans tout autre hôtel du monde. La confirmation arrive au bout de six secondes et, si l'hôtel consulté n'a pas de disponibilité pour la date désirée, l'ordinateur cherchera à loger le client à l'un des quatre hôtels les plus proches—pendant la réponse dans la même période de six secondes. C'est le plus important système de communauté privé du genre dans le monde entier, utilisant un relais de satellites et de câbles entre les continents et les lignes téléphoniques à l'intérieur des continents mêmes. Holiday Inns Inc. a consacré dix millions de dollars à l'installation de ce système et son utilisation exige un déboursé annuel de plusieurs millions. Votre compagnie participe aux frais d'utilisation de ce système. C'est de l'argent bien investi, car il multiplie le volume des opérations, raccourcit le délai de non rentabilité des hôtels et accélère le rythme d'expansion au-delà de ce qu'il serait autrement. Le système Holidex® est le système nerveux du réseau Holiday Inn et serait, par suite des frais et des difficultés, pratiquement impossible à reproduire pour un concurrent. La compagnie ne peut dire au juste jusqu'où la mènera la prochaine décennie, mais il est certain que l'expansion et les bénéfices augmenteront. À mesure que les hôtels sont amortis (et généralement ils le sont au bout de trois ans), l'afflux d'argent provenant du réseau augmentera, permettant de financer notre expansion à même nos propres ressources, et de maintenir la qualité des établissements existants au niveau des normes les plus rigoureuses.

temps l'exploitation d'un nombre
autres gérées par la
Commonwealth Development
Corporation, et l'on s'attend,
cette fois, à un succès certain.

Au milieu des années 60, la compagnie a reconnu
55 millions d'habitants et en plein essor, en train
de construire un réseau routier semblable à celui
de l'Amérique du Nord et ayant le

même système juridique et la
même langue que ceux auxquels
nous sommes habitués. Les

au Royaume-Uni se chiffrent par millions tous les
ans. Holiday Inns Inc. avait déjà pénétré l'Europe
continentale et construisait en Angleterre. En 1968,

la compagnie acquit les droits à 15 concessions au
Royaume-Uni. Le premier hôtel Holiday Inn
d'Angleterre a été inauguré par Commonwealth

Cette année, nous ouvrons
quatre hôtels à Bristol, à
Slough/Windsor et dans les
quartiers londoniens de Swiss

stade d'étude et leur construction commencera
sous peu. La compagnie s'est également établie au
Portugal et en France, avec un hôtel de 300

chambres sur l'île de Madère et un de 176
chambres à Tignes au Val d'Isère
—station de sport d'hiver ouverte
toute l'année. La possibilité d'une
expansion rapide sur le continent
a été assurée et sera exploitée si
les résultats le justifient. Les dernières dix années

ont vu notre réseau s'étendre de London, au
Canada, à Londres, en Angleterre. Il est à peu près

certain qu'un tel rythme d'expansion s'est rarement
vu. Un des principaux facteurs de cette expansion
est l'infaisabilité du système de réservation
HolidayX[®] dont les avantages ne sont pas toujours



PORTUGAL



FRANCE



STE-LUCIE



LA BARBADE



Holiday Inn, Huntsville, Ontario, Canada



Holiday Inn, La Barbade, Antilles



Holiday Inn, Madère

Holiday Inn, Ottawa-Centre, Canada

à Londres



hôtel du type relais routier peut n'être rentable que pendant six mois de sa première année d'existence. Par ailleurs, un hôtel dans un grand centre urbain peut prendre dix-huit mois avant de rapporter un bénéfice intéressant. C'est

là un facteur qui freine l'expansion.

Le deuxième facteur est l'augmentation constante du coût des terrains et immeubles, qui oblige à une expansion aussi rapide que possible.

Ainsi, en 1966, la compagnie a construit et inauguré un hôtel de 150 chambres au coût approximatif de \$1,850,000, aujourd'hui la construction de cet établissement reviendrait à plus de \$3,200,000 — soit une augmentation de 73% en six ans. Telle est la somme qu'un concurrent devrait déboursier aujourd'hui pour mettre sur pied le même éta-

blissement, rendant le même niveau de rentabilité difficile à atteindre. Si la compagnie avait tardé, elle aurait payé beaucoup plus, en valeur monétaire fixe, pour la même valeur immobilière, et se serait privée des bénéfices très substantiels que l'hôtel a rapportés après la première année. La compagnie soupèse constamment ces deux facteurs, mais sa politique est, et sera toujours, de construire un réseau d'hôtels canadiens aussi rapidement que le bon sens le permet.

Plus vite on les construit, moins leur coût sera élevé et meilleurs seront les bénéfices finals. Lorsque les hôtels en construction au Canada seront terminés, la compagnie sera établie de la Nouvelle-Ecosse à la Colombie-Britannique. Seul un programme d'expansion constante peut répondre aux besoins des hommes d'affaires et des touristes voyageant d'un bout à l'autre du pays.

En 1966, la compagnie a entrepris la construction d'un petit nombre d'hôtels de vacances aux Antilles. Les affaires étant demeurées en-deçà des prévisions, il est devenu évident qu'une association avec une grande ligne aérienne était désirable. Récemment, la compagnie a conclu un accord avec Air Canada s'assurant en même



Holiday Inn, Slough/Windsor, Angleterre

Holiday Inn, London-Marble Arch, Angleterre

Holiday Inn, London-Swiss Cottage, Angleterre

De London



En 1962, le premier hôtel Holiday Inn de 120 chambres de l'Ontario s'ouvrait à London, sous la direction de David Rubinoff et la gérance d'Ernest Fletcher. En 1972, la construction de

deux autres hôtels se terminait à Londres, en Angleterre. Leur inauguration au cours de l'année portea à 42 le nombre d'hôtels ouverts par la Commonwealth Holiday Inns of Canada Limited, et le nombre de chambres exploitées à plus de 8,000. Le rythme d'expansion n'a pas toujours été égal au cours de cette décennie; lent au début, il s'est accéléré tous les ans. Un plus grand nombre de chambres seront ouvertes en 1973 que pendant les six années qui ont suivi 1962. Tous les hôtels n'appartiennent pas à la compagnie—certains sont loués et quelques-uns gérés. Les hôtels exploités par la Commonwealth représentent un capital investi de plus de \$150,000,000. Cette somme dépassera les \$200,000,000 lorsque les hôtels en voie de construction seront terminés. Ce chiffre ne représente toutefois qu'une fraction des investissements prévus pour la deuxième

décennie de l'existence de la compagnie. Bien que sous contrôle canadien, la Commonwealth Holiday Inns of Canada Limited fait partie du réseau mondial d'hôtels fondé par Holiday Inns Inc. de Memphis, au Tennessee. À la fin de 1962, le réseau comptait 302 hôtels Holiday Inn totalisant 30,299 chambres (tous, sauf quatre, se trouvaient aux États-Unis). Aujourd'hui, il existe près de 1,500 hôtels Holiday Inn, comptant plus de 300,000 chambres dans le monde entier, et il s'en ouvre de nouveaux tous les jours.

Le rythme d'expansion de la compagnie est régi par deux facteurs communs à tous les réseaux hôteliers et dont l'équilibre doit être maintenu. L'ouverture successive de nouveaux hôtels peut avoir un effet défavorable sur les bénéfices, car chaque nouvel hôtel constitue une entreprise individuelle qui, comme toute entreprise, ne devient rentable qu'avec le temps. En moyenne, un nouvel



Holiday Inn, London-South, Ontario, Canada

Holiday Inn, London, City Centre, Ontario, Canada

Holiday Inn, London, Downtown, Ontario, Canada

Gérants d'hôtels

ANTILLES

Antigua, Cyril Clarke
La Grenade, Robert Perrin
La Barbade, Loris Arevian
St-Kitts, Hyacinthe Lord
Ste-Lucie, Don MacAfee
Gérants suppléants
Mme Monica Andersen
Robert Moore
Larry Henay

ONTARIO

Edmonton, Derek Toms
Leithbridge, Earland Wilson
Ottawa-Centre, N. Thompson-Wood
Kingston, G. Levendeckers
Peterborough, Leonard Moran
Oshawa, Henry Rajcic
Toronto-Airport, Rudy Berger
Toronto-Downtown, Joseph Murray
Toronto-Dan Valley, Rene Stomka
Toronto-West, Edward Conrad
Toronto-Vorkdale, Bernhard Kainer

QUÉBEC

Oakville, Martin Larkin
Burlington, Anthony Miele
Hamilton, Irvine Phillips
St. Catharines, Dario Pozzy
Brantford, Werner Denzer
Hespeler-Galt (Cambridge), Gus Kupperts
Kitcheners, Malcolm Teixeira
London-Downtown, Isaac Siskind
London-South, Gordon Langford
Chatham, Ed Schwannecke
Windsor, John Breznayak
Barrie, Henry Drosse
Huntsville, Terrance O'Brien
Sarnia, Dudley Scott
Sudbury, Murray Ede
Thunder Bay, Peter Pappoulas
Kenora, Donald Beard

NOUVELLE-ÉCOSSE

Sydney, Ingo Koch
Montreal-Longueuil, Georges Villédary

MICHIGAN

Pontiac, John Terrah
Port Huron, John Freier
ETAT DE NEW-YORK
Grand Island-Buffalo/Niagara, Douglas Neilson

EUROPE

Marble Arch-Londres, Angleters, F. V. Ternofsky
Swiss Cottage-Londres, Angleters, Carsten Flindt
Bristol, Angleters, John Vinkenbrink
Plymouth, Angleters, Tony Forster
Slough/Windsor, Angleters, Jan Hubrecht
Madeira, Portugal, Erwin Rieck

Holiday Inn Toronto-Downtown, Canada:
plus grand Holiday Inn du monde.





Secrétaire/Personnel



Service Financier



De gauche à droite: JOHN C. PESKETT, Directeur commercial; FRANK B. FLETCHER, Président; IAN M. MARSHALL.

VENTE/PUBLICITE

LOGAN, Vice-président, Directeur. Développement des projets.
adjoint, Directeur. Construction et entretien; JOHN C.

De gauche à droite: THEODORE SMITH, Vice-président Directeur de la planification financière.

Contrôleur; GEORGE ZARITZKY, Vice-président adjoint, et Trésorier; W. HARVEY GLASCO, Vice-président de Groupe

baron; ANDRÉ R. PETTIGREW, Vice-président, Finances et planifi-
cation; LLOYD D. MONTETH, Contrôleur adjoint, RONALD-

THOMAS, Vice-président adjoint, Directeur de l'informa-
adjoint, Directeur du service de vérification; CHARLES

De gauche à droite: ANTHONY MALLOY, Vice-président et Secrétaire.

Secrétaire adjointe; CHARLES H. KING, Vice-président adjoint, Directeur du personnel; JEANETTE M. STEVENS.

De gauche à droite: CHARLES A. CLINE, Vice-président adjoint; PHILIP EPRILE, Président; PHILIP M. BARNETT,

de la division. Vice-président et Directeur général divisionnaire.

ASSOCIATES LIMITED
COMPANY/PHILIP EPRILE

de la division. Vice-président adjoint, Directeur de la division.

JOHN B. PLEASANCE, Vice-président adjoint, Directeur de la division.

BATES, Vice-président adjoint, Directeur de la division. E.
président adjoint, Directeur de la division; JÜRGEN E.

Administrateur des opérations; BERT BORNHOFF, Vice-
EDWARD C. CAMPBELL, Premier Vice-président.

HAYERS, Vice-président adjoint, Directeur de la division.

Vice-président adjoint, Directeur des aliments et boissons; LEWIS BLUM,
adjoint, Directeur des aliments et boissons; LEWIS BLUM,

De gauche à droite: HANS DEMUTH, Vice-président adjoint, Directeur des opérations.

LES OPERATIONS
MURRAY STEWART, vérification interne.

Antilles; LORIS AREVIAN, Gérant d'hôtel à la Barbade;
YELLE, Vice-président, Finance et développement aux

Directeur des opérations aux Antilles; RAYMOND R.
LYNNE LEWIS, Chef de bureau; CLAUDE LEBEVRE,

De gauche à droite: F. GEORGE NILES, Acheteur; MARI-
ROYAUME-Uni.

JOSEPH WHITFIELD, Directeur des opérations au Royaume-Uni.

Vice-président, Directeur des opérations européennes; Marketing pour l'Europe; ROBERT A. RUBINOFF, Premier

De gauche à droite: ROBERT J. ADLEY, Directeur du

BUREAU GÉNÉRAL POUR L'EUROPE

BUREAU REGIONAL POUR LES ANTILLES

Autres directeurs et administrateurs

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Président du Conseil d'administration,
Commonwealth Holiday Inns of Canada Limited,
London, Ontario.

Ernest B. Fletcher*
Président,
Commonwealth Holiday Inns of Canada Limited,
London, Ontario.

Albert E. Shepherd, C.R.*†
Premier Vice-président,
Commonwealth Holiday Inns of Canada Limited,
Avocat et Conseiller juridique, Associé de la firme
Shepherd, McKenzie, Plaxton, Little & Jenkins,
London, Ontario.

David B. Weidon,*†
Président du Conseil d'administration et Président,
Midland-Osler Securities Limited, London, Ontario.

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Premier Vice-président, Finances, et Trésorier,
Holiday Inns Inc., Président, division des services
commerciaux, Holiday Inns Inc., Memphis, Tennessee.

Frederick W. P. Jones,*†
Professeur à la Faculté
d'administration commerciale de l'Université Western
Ontario, London, Ontario.

Ludwick M. Clymer,
Vice-président administrateur,
Holiday Inns Inc., Memphis, Tennessee.

L'Hon. John P. Roberts, P.C., C.R.,
Avocat et Conseiller juridique
Associé des firmes Skeman, Elliott, Roberts and Bowman,
Toronto, et Roberts, Betts, McLennan and Flett,
London, Ontario.

*Membre du Comité exécutif

†Membre du Comité de vérification



Bureau général pour l'Europe



Bureau régional pour les Antilles



Associated Innkeepers Supply Company/Philip Egitte Associates Limited

Les opérations



David Rubinfeld



4 Frank W. Adams



Ernest B. Fletcher



Frederick W. P. Jones



Albert E. Shepherd, C.R.



Ludwick M. Clymer



David B. Weidon



Honorable John P. Roberts, P.C., C.R.

Faits saillants de l'exercice financier terminé le 31 octobre 1972 (Devises canadiennes)

	1972	1971	Variations
Ventes	\$56,842,588	\$43,023,663	+32%
Bénéfice avant impôts	\$4,309,200	\$3,351,265	+29%
Provision pour impôts sur le revenu [*]	\$2,187,000	\$1,625,000	
Bénéfice net	\$2,122,200	\$1,726,265	+23%
Par action	40¢	36¢	
Fonds autogénérés (cash flow) ^{**}	\$7,479,588	\$5,499,835	+36%
Fonds de roulement	\$1,955,621	\$1,996,390	
Additions—immobilisations	\$22,809,803	\$18,460,338	
Total de l'actif à la fin de l'exercice	\$89,236,127	\$66,242,716	+35%

^{*} Il n'y avait aucun impôt sur le revenu à payer en 1972 et 1971, bien qu'une provision complète pour impôts reportés ait été prévue.

^{**} Les fonds autogénérés (cash flow) représentent le bénéfice net plus les frais n'entraînant pas de déboursés imputés sur le bénéfice net.

Rapport aux actionnaires

Au nom du Conseil d'administration, nous avons le plaisir de vous présenter les bilans de votre compagnie pour l'année se terminant le 31 octobre 1972, ainsi que le rapport d'expansion et de développement pour la

même année.

La période à l'étude a été témoin d'une augmentation sensible du revenu d'exploitation, des gains nets et de l'illiquidité d'argent. Ces augmentations ont été accomplies en dépit de faibles défavorables à notre industrie, perturbations dans les compagnies aériennes causées par les arrêts de travail, niveau de chômage élevé partout au Canada et conditions inflationnistes mondiales sans précédent.

Le revenu d'exploitation de la compagnie a atteint \$56,842,888, soit une augmentation de 32% ou \$13,818,925 sur le chiffre de l'an dernier. Les gains nets ont augmenté de 22%, atteignant \$2,122,200 contre \$1,726,265 en 1971. L'actif provenant de nos opérations a atteint le chiffre record de \$7,479,588, une augmentation de 36% sur les \$5,499,835 rapportés l'année précédente.

Durant 1972, l'ouverture de cinq nouveaux hôtels a ajouté 1,645 chambres aux opérations de la compagnie. Les nouveaux hôtels sont: ceux de Toronto-Downtown, le plus grand hôtel Holiday Inn du monde avec ses 750 chambres, les luxueux hôtel de 504 chambres au centre d'Ottawa et les nouveaux hôtels de Leithridge, en Alberta. Au moment de la préparation de ce rapport, seize autres hôtels étaient en voie de construction et ajouteront 4,637

chambres aux 7,700 déjà exploitées.

Au cours de la dernière année, d'importantes mesures ont été prises pour améliorer notre position aux Antilles. Un accord a été passé avec la Commonwealth Development Corporation—Corporation of the Government of the Cayman Islands—et la Canadian National Realities—Corporation de la Couronne du Canada—autorisant votre compagnie à gérer un réseau étendu d'hôtels Holiday Inns aux Antilles. Avec l'ouverture de l'hôtel de Port of Spain, sera terminée cette année, plus de 1000. Un autre accord, sera exploitées en vertu de cet accord. Un autre accord, cette fois avec Air Canada—la plus importante compagnie aérienne du pays—conjuguera les efforts et l'expérience des deux sociétés pour le lancement de ces centres de villégiature. Ce dernier accord prévoit l'élaboration d'importants programmes de promotion.

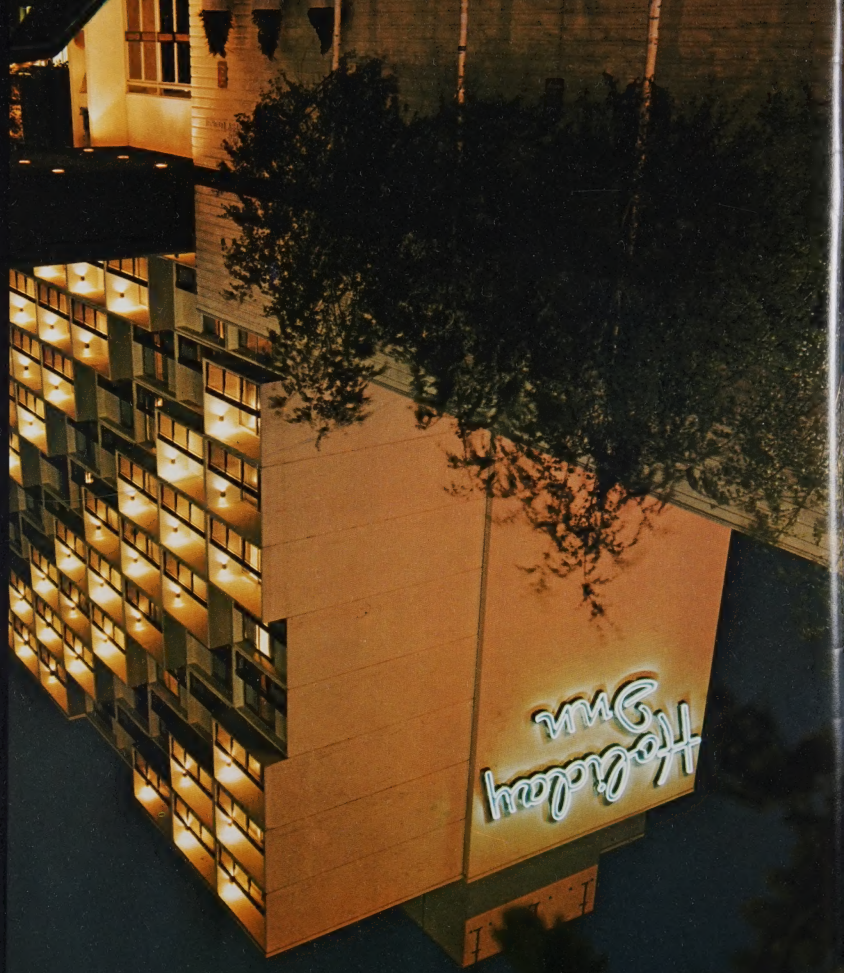
On s'attend à ce que les ventes et bénéfices records de l'an dernier soient dépassés en 1973. Nous tenons à exprimer la reconnaissance du Conseil d'administration à tous les employés de la compagnie dont la loyauté a si largement contribué au succès de l'an dernier.

Président du Conseil d'administration

Président

[Signature]
[Signature]





Contenu

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AGENTS D'IMMATRICULATION ET DE TRANSFERTS
 L'agent d'immatriculation des actions ordinaires est la
 Canada Permanent Trust Company, sièges de Toronto, Mont-
 réal, London, Winnipeg, Regina, Calgary et Vancouver.
 L'agent des transferts des actions ordinaires est la Royal
 Trust Company, sièges de Toronto, Montréal, London, Win-
 nipeg, Regina, Calgary et Vancouver.

COMMONWEALTH Holiday Inns OF CANADA LIMITED



COLOMBE BRITANNIQUE Toronto - Airport
 Toronto - Downtown
 Toronto - Don Valley
 Toronto - East
 Toronto - West
 Toronto - Yorkdale
ALBERTA
 Vancouver - Harbour Side
 Vancouver - Broadway
MANITOBA
 Lethbridge
 Edmonton
ONTARIO
 Winnipeg - Downtown
 Ottawa - Downtown
 Ottawa - Centre
 Kingston
 Peterborough
 Oshawa
 London - Downtown
 Windsor
 London - Galt (Cambridge)
 Montreal - Longueuil
 Pointe Claire
 Québec
 London - South
 London - City Centre
 Chatham
 Windsor
 Barrie
 Huntsville
 Sarnia
 Sudbury
 Thunder Bay
 Kenora
QUEBEC
 St. Catharines
 Burlington
 Hamilton
 Oakville
 Port Huron
 Grand Island
 Buffalo / Niagara
 Antigua
 La Grenade
 St. Kitts
 NOUVELLE-ÉCOSSE
 Sydney
 Halifax
MICHIGAN
 Pontiac
 Port of Spain - Trinidad
 London - Swiss Cottage
 Bristol, Angleters
 Plymouth, Angleters
 Slough / Windsor, Angleters
 Madaira, Portugal
 Algarve, Portugal
 Tignes - Val d'Isere, France
 **en construction ouverture 1973

Ste. Lucie
 Ste. Lucie
 Ste. Lucie



1972